the Freeman

Ideas on Liberty

DECEMBER 1970

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"Tax the rich to help the poor."

This is but one of 76 socialistic clichés—bromides, plausibilities, catchy phrases—that FEE has identified and refuted.

Serious students of liberty can explain away these fallacies, but what about your friends and associates who are just beginning to recognize the case for freedom—libertarian aspirants, so to speak? Whenever they take a freedom stand, are they not faced with one of these clever comebacks? Are they not left more or less speechless, and often with their faith shaken? If not, they're exceptional!

To help you help your friends and associates, *at low quantity prices,* FEE has brought out a new printing—20,000 copies—of

Clichés of Socialism

Sturdily bound in handsome paperback, 5¼" x 7½". 320 pages.

Single copy	**$ 2.00**
3 copies	**5.00**
10 copies	**13.50**
100 copies or more, each	**1.20**

ORDER FROM: THE FOUNDATION FOR ECONOMIC EDUCATION
IRVINGTON-ON-HUDSON, NEW YORK 10533

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Freeman

VOL. 20, NO. 12 • DECEMBER 1970

What You Don't Know Might Help You! — Edmund A. Opitz — 707
Learning to live with liberty calls for faith and reliance upon a harmonious universe.

Goose or Citizen? — Graham Scott — 725
"Keep on supporting me and I'll not kill you." Some incentive!

Private Property, Public Purpose — Henry Hazlitt — 727
Saving and sound investment may be the most important benefit that the rich can confer on the poor.

Uses of Ignorance — George Hagedorn — 740
Why persist in projecting our ignorance to what is unknowable in principle?

Throttling the Railroads:
8. The Grip of the Unions — Clarence B. Carson — 743
How the government fostered the growth of labor unions and aided in their hamstringing the railroads.

Book Reviews: — 755
"The Conscience of a Majority" by Barry Goldwater
"The Challenge of World Poverty" by Gunnar Myrdal

Index for 1970 — 761

Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Freeman

A MONTHLY JOURNAL OF IDEAS ON LIBERTY

IRVINGTON-ON-HUDSON, N. Y. 10533 TEL.: (914) 591-7230

LEONARD E. READ *President, Foundation for Economic Education*

PAUL L. POIROT *Managing Editor*

THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit, educational champion of private property, the free market, the profit and loss system, and limited government.

Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average $12.00 a year per person on the mailing list. Donations are invited in any amount—$5.00 to $10,000—as the means of maintaining and extending the Foundation's work.

Copyright, 1970, The Foundation for Economic Education, Inc. Printed in U.S.A. Additional copies, postpaid, to one address: Single copy, 50 cents; 3 for $1.00; 10 for $2.50; 25 or more, 20 cents each.

Articles from this journal are abstracted and indexed in *Historical Abstracts and/or America: History and Life.* THE FREEMAN also is available on microfilm, Xerox University Microfilms, Ann Arbor, Michigan 48106. Permission granted to reprint any article from this issue, with appropriate credit, except "Goose or Citizen?" and "Private Property, Public Purpose."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

What you don't know might help you!

EDMUND A. OPITZ

THE PRACTICE of liberty in human affairs is an acquired skill and, like every other skill, the practice of liberty must be learned. Imagine a ballet performed upon a stage and involving a dozen dancers. Each dancer must perfect various motions and then learn a routine of steps so that the ensemble creates a moving work of art before our eyes. The dance must exhibit a pattern, else the performers – however skilled individually – would simply get in each other's way. The practice of liberty includes the knack of keeping out of each other's way, thus giving free play to the natural forces of social cohesion.

There is an aspiration toward liberty inherent in our very being; it's a corollary of the fact of our individuality. But this potentiality is not realized unless we learn techniques for expressing it. Liberty has to be learned – as well as earned – and like every other skill we acquire, it may be lost. The circus juggler who has learned to keep six plates in the air must work constantly to refine and improve his skill or he begins to lose it. And it is the same with liberty; liberty may be unlearned, and the unlearning of liberty goes on at a constantly accelerating rate in our time. Perhaps we'd know why, if we knew more about the learning process itself.

Every one of you who plays golf, or bats a tennis ball, or bangs away on a piano has moments of frustration. It's not the occasional bad shot or wrong note that causes the irritation; it's the fact that our progress is so uneven. There's such a thing as be-

The Reverend Mr. Opitz is a member of the staff of the Foundation for Economic Education. He is the author of the book, *Religion and Capitalism: Allies Not Enemies*, recently published by Arlington House and also available from FEE.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ginner's luck, and it may be that after our first golf or tennis lesson we surprise everyone by making a number of good shots. And so we approach the second lesson with expectations keyed high – only to fall flat on our face. Everything goes wrong. We may experience similar frustrations in the course of the next several lessons, and then something seems to click. We hit the ball, and it *feels* right. Enthusiasm flares, but the improvement doesn't last. Or, if it does, we seem to bog down again on this level. Sometimes there's a slump; but if we persist there is eventually another breakthrough, and then the struggle to consolidate our gains goes on once more.

All learning takes place in somewhat this fashion. The psychologist speaks of "plateaus of learning," and if you draw a graph it will resemble a profile of a staircase with deep treads and low risers. The line does not show a steady rise; instead, it shows the learner slogging away on one level, and then a breakthrough to a higher level; more slogging, another breakthrough, until we reach our potential.

Unlearning is as much a part of life as learning. Sometimes we want to unlearn, but there is also the all-too-common involuntary unlearning of a skill we'd like to retain. The great pianist, Paderewski, once remarked that if he went a day without getting in his customary hours and hours of practice, *he* knew it. If he went two days without practice, the critics knew it. If he went three days, his friends knew it. Athletes have the same problem; once they've reached a peak and then lost it, the comeback trail is rough. Similar difficulties beset all human affairs.

Liberty in Our Time

Our subject is human liberty, and the fate of liberty in our world. When this country was young, the accepted belief was that men were by nature free, and that governments were instituted among men to secure that freedom by defending the rights of all men alike. "The God who gave us life gave us liberty at the same time," wrote Jefferson. Liberty now, in the twentieth century, is viewed as a permissive thing, to be exercised by the citizen at the discretion of his political masters within the lines laid down by the government. Liberty, once regarded as a birthright, now partakes of the nature of a political favor. The ways of liberty once learned by some of our ancestors, and in some measure applied by them in actual practice, were unlearned by other forebears of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ours. And a good deal of learning and unlearning has been going on in this generation, perhaps even by us.

If we examine the learning process more carefully we realize that there's more to it than conscious effort, important as this is. A great deal of learning takes place behind the scenes, below the level of consciousness. We are learning between one practice session and the next. It is not by a mighty effort of will that you move from one plateau to another; if you practice correctly, the breakthrough will be accomplished for you. Here's an illustration of the way it works, taken from the writings of the great French mathematician of a generation ago, Henri Poincare.

Poincare on Insight

Poincare was stumped by a certain problem, and for fifteen days spent an hour or two a day trying to work out a proof, with no results. Then, "one evening, contrary to my custom, I drank black coffee and could not sleep. Ideas rose in crowds; I felt them collide until pairs interlocked, so to speak, making a stable combination. [I dozed off, and] by the next morning I had established the existence of a class of Fuchsian functions. . . . I had only to write out the results. . . . The idea came to me, without anything in my former thoughts seeming to have paved the way for it."

Poincare is credited by other mathematicians with several important breakthroughs, which occurred in the manner described, in the form of sudden illuminations. These insights, he says, are "a manifest sign of long, unconscious prior work. The role of this unconscious work in mathematical invention appears to me incontestable." There's a condition – persistent prior work. Breakthroughs "never happen except after some days of voluntary effort which has appeared absolutely fruitless and whence nothing good seems to have come, where the way seems totally astray. But these efforts have not been as sterile as one thinks; they have set agoing the unconscious machine and without them it would not have moved and would have produced nothing."

Genius, as someone remarked, is 90 per cent perspiration and only 10 per cent inspiration. Sir Francis Galton, who did the pioneering studies of genius about a century ago, observed that his subjects were bigger, stronger, and more energetic than average men and women – otherwise they couldn't have performed the required prodigies of work.

The achiever, then, knows how

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to apply the pressure, and how long. He also knows that there is a time to let up, to relax the conscious effort and let a deeper wisdom take over. If we may use the word Application for the first stage, we might call this second stage Incubation; ideas apparently must ripen before they can hatch. In order to successfully negotiate this stage of learning – the period when nature takes its own course – we must practice the difficult art of letting things alone – which is quite different from doing nothing. Albert Jay Nock, who edited the old *Freeman,* from 1920 to 1924, had a stable of bright young writers under his editorial command. One day a friend said to Nock, "Albert, it's wonderful what you have done for these young people." "Nonsense," Nock replied, "all I've done is let them alone." "That may be so," was the response, "but things would have been different if some one else had been letting them alone."

The Notebook of Coleridge

The mind has a front end or top layer, and we consciously feed data into this part of our mind through our eyes and ears, by observation and experiment. Then the raw data of experience is mulled over and reflected upon. We talk it over with colleagues, argue it out with opponents, write it up, act it out. And all the while, learning is taking place. At the proper moment we shift gears and put the subconscious mind to work on the material the conscious mind has prepared for it. And if the conscious preparation is adequate, the rest of the job is taken care of with a finesse and expertise that is simply astounding.

Let me cite the case of Samuel Taylor Coleridge, one of the supremely gifted poets of our language. Apart from his published works, Coleridge left a notebook in manuscript, in a kind of shorthand, recording his reading and his observations. This notebook forms the basis for a classic study of Coleridge, really a study of the workings of the imaginative energy itself: *The Road to Xanadu,* by John Livingston Lowes. Incidents and phrases got into Coleridge's notebook and thence into his subconscious mind, to be transformed there by his genius, taking final shape in his poetry. "Every expression of an artist," writes Lowes, "is merely a focal point of the surging chaos of the unexpressed. And it is that surging and potent chaos which a document like the Note Book recreates." The word "chaos" here is not used with connotations of confusion or randomness; chaos is a term for the teeming, primordial

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

raw material which challenges the artist to shape it into forms of beauty by the power of his imagination. "Unless a man has a little chaos in his soul," wrote Nietzsche, "he'll never give birth to a dancing star."

The Subconscious

Below the level of conscious mental activity there are deeper layers of the mind, and an enormous amount of hogwash has been written about the subconscious mind, some of it by amateurs but a lot of it by medical men engaged in the practice of psychiatry or psychoanalysis. I have been suggesting, by the two examples I have cited – Poincare and Coleridge – that the mental processes which occur behind the scenes are mighty allies, able to accomplish beneficial results we could achieve in no other way. The subconscious mind is the silent partner of our rational faculties, wise and trustworthy. Turn to the popular literature of psychoanalysis, however, and the picture is quite different. There, one gets the impression that only the conscious mind is *us;* that each of us is shackled to an idiot; that the subconscious mind is a mere collection of drives, impulses, and emotions; that this unconscious part of us tyrannizes over our rational faculties and must be squelched.

Why these conflicting views? The main reason is that psychiatrists deal with sick people, and the subconscious mind of psychopaths may very well be as psychiatrists describe it. Geniuses and normal people do not ordinarily wind up in psychiatric clinics, and clinical findings, therefore, do not pertain to great poets and mathematicians – or to normal people.

We are not talking about achievement without tears, or learning while you sleep, or awakening your hidden powers. There are no short cuts. But we do have the assurance that if our conscious thinking is sound, persistent, and hard, our subconscious mental processes will cooperate to mobilize the constructive forces that bring about the final result.

The capacities of the human mind are almost limitless, and those of the human body are only slightly less so. The incredible feats of endurance, strength, speed, and skill that we witness on track, field, arena, and stage are beyond most of us. Only a handful of people will ever run a four-minute mile, no matter how hard they train, or win the heavyweight championship, or break 65 at golf, or perform on a trapeze, but almost anyone who wills to do so can play a good game of golf, or develop unusual strength, or

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

multiply his endurance. The recipe is the same as that for acquiring mental skills – an alternation of hard workouts with rest, or Application followed by Incubation. Endurance, strength, and skill improve even when you do nothing – provided you preface the quiet time by intense effort. This physical partner of ours has enormous potential in many directions, but few people ever realize their potential. When reasonably fit, this physical partner of ours displays a remarkable wisdom in its workings. Through its organs of sight, hearing, and touch we are properly oriented toward our physical environment. There are two other sense organs: The sense of smell is not as important to us as to other creatures, but we know how important his taste buds are to an infant. I think it was Gerald Heard who suggested that a baby's motto might be: Seeing is believing, but tasting is knowing.

The Amazing Human Body

This body of ours performs sophisticated chemical operations with the raw material we take in as food, distributes nourishment to the tissues that need it, carting off the waste products. Chemical balances are maintained, temperature is regulated, foreign bodies are neutralized, wounds are healed – and all this is done quietly without fuss or stress, unless we interfere. We are "fearfully and wonderfully made," and the body performs miracles daily. There's a genius down inside us. The most awe-inspiring performance of that genius is the masterwork he accomplishes before we are born. The eminent biologist, Hudson Hoagland, delivered a paper at M.I.T., in 1967, in which occurs this passage: "Frank Crick has estimated that the amount of information contained in the chromosomes of a single fertilized human egg is equivalent to about a thousand printed volumes of books, each as large as a volume of the Encyclopedia Britannica. This amount of coded instruction packed into the size of a millionth of a pinhead is the remarkable material which transmits information from parent to offspring to tell the next generation how to make a person." Each one of us passed that test, else we wouldn't be here. Hudson Hoagland

A skilled adult scientist in an expensive laboratory gets a do-it-yourself kit with various amino acids, colloids, and protein molecules. He combines these in a certain way and exposes the compound to electrical currents for a week or so. And then, for a short time his concoction appears to exhibit some characteristics of life. The scientist gets headlines. But

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

each of us, when no more than a tiny speck, was brilliant enough to manufacture a person! Stupidity, of course, sets in shortly after birth and full recovery is rare.

Work and Wait

Learning something, whether it be the mastering of a new subject matter or the acquiring of a new skill, is more than conscious effort. Conscious effort is an indispensable part of the total learning process, however, for it is the spark that gets the machinery going. Learning is a dual process. It reminds us of an iceberg with much of its bulk below the surface. Go about the topside matters correctly, and events of great importance take place below the waterline without any human agency directing, controlling, or managing them. This is a fact of great significance, to be taken into account in deciding the nature of this universe in which we find ourselves: *Things work for our benefit if we know how to cooperate with them and otherwise let them alone.*

The art of letting things alone applies to the complex interactions we have with nature. Each spring we are impressed anew with the exuberance of the earth, by its fruitfulness, its hospitality to the endless variety of living forms. Men poke seeds into the ground but plants grow by interacting with nonhuman forces; "God giveth the increase," as a pious old poet said. Make preparations of the right sort, work hard, and the good earth cooperates by focusing nature's powers of growth to put a multiplier onto your efforts. We have to overcome natural obstacles, but we enlist the help of natural forces to do so. "A mighty help in our contest with nature," writes Böhm-Bawerk, "is nature herself."

The Invisible Hand

Move now into our final example, which has to do with society and the economic order. Remember Adam Smith's famous metaphor of "the invisible hand"? What was the problem he sought to explain? He observed countless millions of people in the different nations of the world, engaged in thousands of different occupations and trades, each busy with his own affairs, pursuing his own aims. But what is the result of this seemingly chaotic situation? The result is an orderly transfer of goods and services; people are fed, clothed, and housed; the wealth of the world is brought within reach of all who enter into these multiple transactions. There is a marvelous harmony in this situation, just as if some invisible hand were guiding each per-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

son to produce the kinds and quantities of goods the market is calling for. It is the result of human action but not the execution of human design. The right kind of human effort in the market place enlists the help of an other-than-human intelligence. Anyone who has looked into the economic order must marvel at the intelligence displayed in the way the market works – intelligence manifesting itself in the precise adaptation of means to ends throughout the system. Yet no human agency is putting people through their paces; there is a spontaneous order which arises when men obey a few moral rules and otherwise act in freedom. Why do things happen this way? Because it's that kind of a universe!

Three-quarters of a century after Adam Smith, Frederic Bastiat mused over the miracle of the provisioning of Paris. Here are a million human beings who do not grow their own food, nor do they make most of the things they use. Yet food and other necessities appear as if by magic! No Napoleon commands these movements. "What, then, is the ingenious and secret power which governs the astonishing regularity of movements so complicated?" Bastiat asks. And he answers his own question, "That power is an absolute principle, the principle of freedom in transactions."

I have been stressing the point that there is wisdom and intelligence directing the events which happen below the surface, or below the level of conscious action. This is not to diminish the importance of willed effort; it is to suggest that we have to know when to let up and let go, trusting the forces of growth and cohesion we find at work in our bodies and minds, as well as in nature and the market. This willingness to take the plunge is a matter of mood – a mood of faith or confidence or trust or belief that the universe is on our side. But just as Adam Smith was writing his masterpiece a new and hostile mood was emerging in Western nations.

The Age of Enlightenment

The eighteenth century is referred to as the Age of The Enlightenment. It was a period of great *over*reaction to the ages of religion, a time when Man with a capital M was exalted into a god, able to fashion men in his own image. It was an age of optimistic rationalism, with all mysteries resolved. It was the age of the Rights of Man, confident of its power to wipe out an old society and manufacture a new

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

one at will. A take-charge mood came to dominate many minds, a managerial mentality. The idea was that the world would fall apart if *we* stopped holding it together; things wouldn't work unless *we* made them work; everything was defective and had to be patched up, rigged out, put into functioning order.

This was the mood of the men who engineered the French Revolution, the rootless intellectuals of the day; but the mood was infectious and it has spread all over the globe, seeping into and out of every sector of life. It seeped into the theory and practice of medicine about a century ago. Certain medical theorists examined the human organism and found it a crude contrivance of pipes, tubes, levers, and dead weight. This botched mechanism could be kept going only if someone constantly patched and repaired it. Writing of this antiquated medical theory, an historian says: "This held that the body was a faulty machine and Nature a blind worker. The student made an inventory of the body's contents and found, as he expected, some out of place, some wearing out, some clumsy makeshifts . . . and some mischievous survivals left over." Medical practice, based on this theory, was to interfere with the body's working by probing, operating, removing, and altering. The practice often proved disastrous to the patient! Today's medical theory is quite different.

The Managerial Mentality

The managerial mentality gets into philosophy, and is especially marked among the Existentialists. One of them writes: "Being a man is deciding what man will be. . . . Man remains the author of his own destiny, the creator of his own values." Philosophy used to be the pursuit of truth for its own sake. No longer. The contemporary philosopher aims at knowledge for the sake of control. The primary target of the controllers is, of course, the economic order. The free market must go.

When this managerial mentality, this take-charge mood, pervades a society, it will kill the free economy where it finds it, or prevent it from emerging in countries which don't have it. When the mood is to manage, you'll have a managed economy, because everyone lacks confidence that the economic machinery will operate – unless it is directed, controlled, and planned. The belief is that some human agency must be in command or nothing will function. Social engineering is the order of the day; society is to be master-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

minded by men waving blueprints and armed with powers of enforcement. Nobody is to be left to his own devices; everybody is to be assigned a task so that society can be operated with mechanical precision.

But men are not robots or puppets; they have the gift of free will, and most people choose *not* to be the tools of other men – when they understand the issues. When they find themselves trapped in situations which demean their humanity they rebel, and their rebellion takes various forms. The rebellion sometimes moves in the direction of freedom, but more often the rebellion is just as mindless and bizarre as the things revolted against.

Ideas Come First

I have suggested that a false ideology has been percolating into Western societies for two centuries or more. How is it, then, that things appeared to go so well for a while – that is, during much of the nineteenth century – and only in our time has the situation gone to pieces? Well, the impact of ideas is never felt immediately. Imagine, if you will, that history is like a huge pipeline; like the Big Inch, say, which brings oil from Texas to the eastern seaboard. If a batch of oil is pumped into the western end of this line, and if it travels at twelve miles per hour, it won't reach New York until about a week later. Ideas work the same way; put them into the pipeline of history and it may be a generation or a century or longer before they surface.

Go back two millennia to the dawn of our era. The Roman Empire was authoritarian, and the new ideas about God and man and life promulgated in the Gospels largely disappeared into the pipeline – so far as their impact on the history of the first several centuries was concerned. The Roman Empire went from bad to worse and finally fell, and Europe was in a bad way for hundreds of years. The Middle Ages was a turbulent period whose major religious thrust was a blend of Caesarism and Christianity. A new style of personalistic Christianity emerged in the sixteenth and seventeenth centuries, the period which also saw the beginnings of Puritanism in England. The political arm of the Puritans was the Whig Party, whose later spokesman was Edmund Burke, and which became the Liberal Party in the early nineteenth century. Ideas were coming out of the pipeline, especially in nineteenth century America, where we enjoyed more religious, political, and economic

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

liberty than any people hitherto. We were reaping the harvest of sound ideas put into the pipeline over the course of many centuries – including some brilliant ones added since *The Wealth of Nations*. We might mention *The Federalist Papers*, the writings of Burke, Mill, Bastiat, and Spencer, plus the important contributions of the Austrian School from Böhm-Bawerk to Mises which have refined and extended the science of economics with meticulous care, establishing its main points beyond dispute. In short, there are some good ideas in the pipeline in 1970, and if we keep on stuffing more of them into the near end they are bound to emerge in due course.

A Preponderance of Socialist Literature in the Past Century

But such good ideas as went into the pipeline during this period were overcome and nullified by the virulence and sheer bulk of the bad ideas. From the time of Marx to the present day the socialists and communists have written a hundred books for every book written by a libertarian or conservative, plus a thousand pamphlets; and whereas the socialists and communists offered a contagious vision of a new life for humanity, their opponents countered with the promise of two cars in every garage! It is bad that we have been losing in such a lopsided contest, but it would have been worse if we had won.

There are some good ideas coming out of our side of the pipeline, and they are getting better. But they are not good enough for the task at hand. They have taken on some of the protective coloration of the collectivists with respect to the ends and aims of human life, objecting merely to collectivist means.

The Jacobins promise to manufacture a new society from scratch and, with democratic controls on scientific power, bring about a heaven on earth – meaning the City of Man in which everyone is well-housed, well-clothed, and well-fed. All too frequently, defenders of the free market have responded: The City of Man is our goal, too, but we can show you how to have better housing, superior clothing, and tastier food! The fact is that the struggle goes deeper than economics; two ways of life are in conflict. You don't win a battle for the minds of men by promising to fatten their pocketbooks. You might say that if a man's heart is empty because life has lost its meaning, the full belly argument turns his stomach!

Two ways of life are locked in combat, so let's engage in some

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

self-examination and self-criticism in order to raise our sights and change the terms in which the contest is viewed. Shifting gears, we begin with a solemn observation by the eighteenth century philosopher, George Berkeley, after whom a certain university city on the coast was named:

> He who hath not much meditated upon God, the human mind, and the supreme good, may possibly make a thriving earthworm, but will most indubitably make a sorry patriot and a sorry statesman.

Raising Our Sights

What do these three ideas – God, mind, and the supreme good – have to do with the free economy? I think I can demonstrate that they have a lot to do with it, and that unless they are taken into account, economic liberty is a vain hope.

The idea of God has to do with the ends or goals for which human life should be lived. The old catechism said that the chief end of man is to know God and enjoy him forever. But most economists have told us that economics is a value-free science, that it is neutral as to ends. Let men dedicate their lives to any end that catches their fancy; to the economist it's a matter of indifference. This is a typical line taken by economists, and it contains potential disaster for the free economy. Suppose the chosen end is power. Many men dedicate their lives to the concentration of political power in society, and then scheme to get that power into the hands of themselves and their party. Every minor success by the power-hungry nullifies the free economy at some point. It is suicidal for the economist to declare that his discipline is indifferent as to what ends in life men pursue.

Or take wealth. Suppose a significant number of men agree that the pursuit of wealth is the chief end of man. Making money in the free economy is laudable enough, being a token that you are providing people with things they want. But if money-making is accepted as a man's chief end then any means are justified if they further this end. The free economy is more productive than any other – on the whole; but you cannot promise any given individual that he'll better his own circumstances in the free market. Many people can do better for themselves if they operate a racket. Congresswoman Edith Green of Oregon has made a calculation which shows that a welfare mother with four children could in one year net $11,698 of relief funds; double the number of children and the ante is upped to $21,093. But

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

this is peanuts compared to the subsidies some slick operators can get by political finagling. Proponents of the free economy will continue to lose unless human life is geared to the goals proper for man, and this makes the God concept a live issue.

Goals Proper to Man

Well, it may be asked, what are the goals proper for man? It is obvious that there is no pat, copybook answer to a question of this magnitude; what is important is that this question continues to be asked and that it can be wrestled with unceasingly. Albert Jay Nock addresses himself to the problem when he speaks of "man's five fundamental social instincts." He charges that only the instinct of expansion and accumulation, that is, for power and wealth, has had free play during the past century and more, while "the instincts of intellect and knowledge, of religion and morals, of beauty and poetry, of social life and manners, were disallowed and perverted."

There are many facets to human nature and we cannot afford to neglect any. The English philosopher, C. E. M. Joad, writes as follows.

> For a guide to the demands of our nature we should refer to the pursuits of our fathers. For what mankind has done uninterruptedly for thousands of years we may be assured that there is a natural itch in the blood. In all ancestral and customary pursuits, then, we should indulge, but in none of them overmuch. We should pray a little, fight a little, play a little, dig a little in the ground, and go on the sea in ships; we should make love, speak to our fellows in public, and expand in the company of our friends in private. Above all we should recognize that we have an instinctive desire for occasional solitude, and a need for country sights and sounds.

The Nature of the Mind

Berkeley's second point has to do with the nature of the human mind. Is the mind a mere offshoot of the brain or a tool of survival or an instrument of adaptation to society? In which case we are born, marry, work, die, and that's the end of us. Or is the manifestation of mind in each of us more than a mere adjunct to the brain and nervous system; is it something that endures when its physical partner perishes; is it an immortal essence? This is an issue which philosophers have debated for centuries, but I raise it here only because of its bearing on the free economy.

Shakespeare wrote of "this blessed plot, this realm, this England." That was nearly four centuries ago; a dozen generations have lived and died since those

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

lines were penned, but hundreds of years ago men were proudly conscious of living in a nation with a long history. And today they boast that "there'll always be an England." The nation endures; individuals perish. The nation existed before any of us were born, and it will continue in existence after everyone here is dead. You hop aboard this ongoing reality, last out your three-score-years and ten, and that's the end of you. Suppose this version of the way things are is widely accepted, and suppose you find yourself out of step with the nation's consensus — as many of us would be at odds with today's establishment. If you — a fleeting fragment of an ancient and enduring nation — challenge the nation's consensus you would not only be pitting your puny self against your contemporaries but tackling past centuries and future generations as well. The encounter would be somewhat lopsided!

But there is another interpretation of the way things are, and according to this wiser reading of the human situation, kingdoms rise and fall, nations come and go, civilizations finally crumble, but the person is forever. When there are firm convictions along these lines the individual has an enormous leverage against any majority, any society, any nation. The nature of the human mind is a vital political question.

Human Motivation

Berkeley's third idea has to do with human motivation. What is man's supreme good? The traditional answer was: To please God. Since the eighteenth century the answer has been: The supreme good is to please yourself. The thing gets pretty fatuous in the ideology of some would-be defenders of capitalism who try to tell us that the aim of life is to please customers! What were our ancestors driving at when they spoke about pleasing God? Let me try to frame an answer in contemporary terms.

I have pointed out that each of us, in his prenatal stage, knew how to manufacture a baby. Quite a stunt! But the full stature of humanity is an achievement, not an endowment; all that being born confers upon us by way of natural endowment is the plastic and sensitive raw material needed for evolving a human being. Finishing the job is up to us, and it will take us a lifetime to do it — if we do it at all! Before birth we had the advantage of working by instinct: the formula was inside us. But after birth we have to look for a recipe outside, that is to say, we must look for a set of rules which are written into the nature

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of things. These rules for completing our growth are what our forebears spoke of as God's laws or Commandments. By discovering and obeying these commands, each of us furthers his own purposes and completes his own nature.

The Road to Chaos

When men cease to believe in an objective set of rules, then each person tries to make up his own rules as he goes along; he tries to please himself by "doing his own thing." But this is like trying to play baseball when each player decides for himself how many strikes are out, or whether to run bases clockwise, or whatever. "Doing your own thing" doesn't work out, for, if no external standards are acknowledged, the weak doing their thing are at the mercy of the strong doing theirs; the honest entrepreneurs doing their thing are at the mercy of political finaglers doing theirs; those who want to be let alone are harassed by those whose thing is meddling. Throw away the rulebook and chaos ensues. Putting the rules for living in the order of their priority is a live issue for the freedom philosophy. We have neglected this philosophical framework; and collectivist ideology, taking advantage of our neglect, has crowded into the vacancy.

Nature on Side of Freedom

It is encouraging to know that the nature of things is ultimately on our side. The aberrations we face are against the grain of things and will fall of their own weight – if we don't misguidedly prop them up. Does the opposition seem strong? Well, said Disraeli, "the dominant philosophy in any age is always the one which is on the way out." Collectivism in our time has changed into nihilism, and nihilism is as far as you can go into a dead end. From there, the way back is the way ahead.

The collectivism which has come to full flower in the totalitarian nations, which is growing in all countries, including our own, is a plague that reminds one of the witchcraft mania of the sixteenth and seventeenth centuries. How was that disagreeable episode transcended? Not by antiwitchcraft crusades nor by social pressures on behalf of civil rights for witches; witchcraft crawled back into the woodwork when it was confronted by a quite different tactic. Aldous Huxley, discussing the period, says "the theologians and inquisitors . . . by treating witchcraft as the most heinous of crimes, actually spread the beliefs and fostered the practices which they were trying so hard to repress. By the beginning of the eighteenth century witchcraft had

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ceased to be a serious social problem. It died out, among other reasons, because almost nobody now bothered to repress it. For the less it was persecuted the less it was propagandized." A new understanding of the nature of the cosmos, a new world view, began to gain acceptance in the eighteenth century, and witchcraft, finding no foothold in it, withered on the vine.

Great Changes Come Slowly

History has a number of great turning points. We may not be able to agree on matters of historical causation, but all students are unanimous on one point: these great changes were in the works a long time before their effects were manifested on the surface.

In Victor Hugo's great novel *Les Miserables* there is a dramatic account of the Battle of Waterloo, after which Hugo reflects on the cosmic dimensions of that battle. "Why Napoleon's Waterloo?" he asks, "Was it possible that Napoleon should gain this battle?" We answer No. Why? Because of Wellington? Because of Blucher? No; because of God! Bonaparte victor at Waterloo — that was no longer according to the laws of the nineteenth century. Another series of events was preparing wherein Napoleon had no further place. . . Napoleon had been denounced in the infinite and his downfall was resolved. He bothered God. Waterloo is not a battle; it is the universe changing front."

A novelist may be allowed his liberties, but Hugo's main point is clear; every event on the surface of history has been manufactured at a deeper level by human initiative and intelligence cooperating with cosmic energies.

Whenever people of our general persuasion get together to assess the world scene the discussion sounds like an inquest; things are not going our way; the freedom philosophy is in disrepute, and things have fallen apart faster in recent years than any of us would have dared predict. Judge the events of our time from the newspaper or journalistic level and the mood is despair. But we know on second thought that many good and important things are happening at deeper levels. Probe below the surface and there are signs of hope. There are good things in the pipeline, and also good people.

It is difficult to assess the significance of contemporary events, although wisdom after the event is easy. Hindsight tells us that the voyage of *The Mayflower* three and a half centuries ago was one of the most important voyages in history, but few people of the time were even aware

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of it. It was just another trip for the seamen involved, writes William Baker, the naval architect who designed the present *Mayflower* after much research. Even the name, *Mayflower,* was a common one for merchant vessels in the seventeenth century, and the boats hired by the Pilgrims "were merely common traders." Baker researched the Port of London records and traced the voyages of "*The Mayflower,* Christopher Jones, Master," from August, 1609, to October, 1621. There are no entries for the year 1620. The Port of London official deemed this voyage to the New World not even worth recording! Nor is the name of their ship recorded by the men of the Plymouth Colony until 1623. The celebrated Bradford manuscript, written by the man who governed Plymouth Plantation during most of its first thirty-six years, was missing for generations and not published in full until 1856. Several centuries went by before the Pilgrims assumed their rightful place in American history.

A Vast New Outpouring of the Literature of Freedom

The events that disturb us today have been long in preparation; and the events that will correct these disturbances are in the making right now. They are, for example, in the books now being written and read. There are now about one hundred titles listed in the FEE book catalogue. Apart from the handful of classics, every book in this list has been written since the end of World War II! Almost as many more books by brilliant libertarian and conservative thinkers have appeared during this same quarter century which are not included in the catalogue, and the writers of our side continue to provide a steady stream of material presenting the case for the free society.

People on our side didn't write these kinds of books during the 1850-1950 period; their creativity went into other channels. They were doing the work of the world while the socialists were writing the books. Our people were exemplifying the accomplishments of a society which at least gave lip service to the ideals of freedom, while the socialists were writing millions of words to extol the planned life and forming all kinds of organizations to bring about a collectivist order. Our forebears probably believed that the free way of life is its own rationale, but it is not so. Good deeds are not enough, we must supply a reason why. And that is just what is happening today, as libertarian and conservative literature pours off the presses.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Inherent Stability of the Masses

There's something else below the surface of today's events, ready to be engaged in our cause, and that is the solid core of decency and common sense in the mass of men, covered over now and again, confused, but waiting to be enlisted. One often hears the despairing question, How can we win the masses back from liberalism? That's not our problem; the masses have never been converted *to* liberalism! To become a real liberal you have to go to graduate school! The average man, the man in the street, is not our problem. He may be mean, shiftless, ignorant, and a wife-beater when drunk, but he is not a collectivist and he is here by the millions, waiting to pin his emotions alongside the flag and cheer for the home team. Cardinal Newman was right: "There is always in the multitude an acknowledgment of truths which they themselves do not practice." When our side gets good enough, the multitudes will swarm in our direction.

We have a real mess on our hands, but no one can say it is not richly deserved. For the past couple of centuries we have bull-headedly made a wrong choice at every opportunity. We have discarded the tried and true and let ourselves be seduced by the myths of an immanent utopia. We have embraced phony values and followed phony leaders. And in consequence of our folly things are in a bad way, but not as bad as they might be. Things aren't as bad as they would be if Reality were neutral. It is our great good fortune that the nature of things is on our side, on the side of freedom, that is; and it's the collectivists' tough luck that their program goes against the grain. There are forces in us and in the universe which make for growth and cohesion; unobstructed they make for liberty. Let's join 'em!

No Productionism, No Consumerism

IDEAS ON LIBERTY

CONSUMERISM is based upon productionism; before there can be consumers there must first be producers. There's no better way to serve consumers than to reward and encourage producers.

Regulations intended to restrain disservices become in themselves the worst kind of disservice when they restrict the producers' freedoms to serve consumers and the consumers' freedom to be served by the producers.

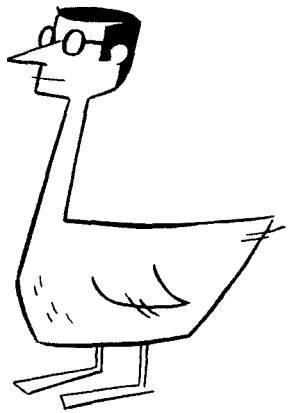
Taxes, more than anything else, keep consumers from ever getting their money's worth.

J. KESNER KAHN

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

GOOSE OR CITIZEN?

GRAHAM SCOTT



PERHAPS you've had an experience like mine. You've been arguing over socialism for about an hour with someone, and you finally concentrate all your powers of persuasion on the proposition that socialism will destroy individual initiative. Then, without a moment's delay, comes the socialist rebuttal: "But we don't intend to kill the goose that lays the golden eggs."

Reassured? Fairly certain that under socialism things won't be all that bad? Well, think again.

(1) The promise, sincere as it is, is simply that the goose that lays the golden eggs will *not be killed*. This is cold comfort if you happen to be the goose in question. I mean, you might want to hatch one or two of those eggs, but the only promise you've got is that you won't be killed. Now by the time you've spent most of your life laying egg after egg, death might just seem like a welcome release, but there is this sincere promise that they won't kill the goose that lays the golden eggs. Some promise, some reassurance!

(2) The promise is also that the *goose* that lays the golden eggs will not be killed. You might ask yourself if you are a goose or a citizen. Are you satisfied with being treated like a bird whose fate is decided for him, or would you rather be regarded as a man? You know, when people start talking about you as if you were an animal, you'd better let them know that you're a human being, free and responsible by nature. You're no man's creature; and although

The Reverend Mr. Scott is a minister of the United Church of Canada and a doctoral candidate at the Université de Strasbourg.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

you don't produce golden eggs, whatever you do produce belongs to you by right.

(3) The socialist promise includes this business of not killing the goose that *lays* the golden eggs. Now a goose lays eggs because that's its nature, and I suppose the goose that lays golden eggs does that by nature too. But your professional or entrepreneurial skills do not come naturally. If they did, we'd all be millionaires overnight. In fact, professional and entrepreneurial skills come from the hard work called learning and from a lot of persistence when the going gets rough, not to mention the self-control and intellectual judgment that are essential for any successful enterprise. Although most people are capable of learning, persistence, self-control, and good judgment, the fact is that there are those who could but don't and there are those who *do*. This difference is usually that of extraordinary effort. Those who do, make the effort; those who could but don't, do not make the effort. And to make an extraordinary effort a man needs an incentive, and the less the incentive the less effort a man will make.

(4) Not being killed is sorry compensation for the kind of effort required to learn and to practice professional and entrepreneurial skills. In a free society it is no reward at all, because free men expect a positive reward for their efforts, not the negative assurance that they won't be done away with. In other words, the goose that lays the golden eggs may be just a fairy tale, but being treated like one in real life is definitely for the birds.

IDEAS ON LIBERTY

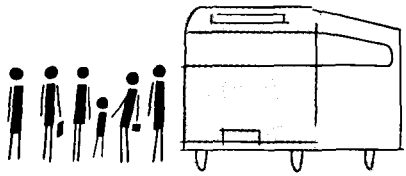
Alexander Hamilton

THE SACRED RIGHTS of mankind are not to be rummaged for among old parchments or musty records. They are written as with a sunbeam, in the whole volume of human nature, by the hand of Divinity itself, and can never be erased or obscured by human power. This is what is called the law of nature, which being coeval with mankind and dictated by God himself, is, of course, superior in obligation to any other. No human laws are of any validity if contrary to this. It is binding over all the globe, in all countries, and at all times.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Private Property, Public Purpose

HENRY HAZLITT



THE SOCIALISTS and communists propose to cure poverty by seizing private property, particularly property in the means of production, and turning it over to be operated by the government.

What the advocates of all expropriation schemes fail to realize is that property in private hands used for the production of goods and services for the market is already for all practical purposes public wealth. It is serving the public just as much as – in fact, far more effectively than – if it were owned and operated by the government.

Suppose that a single rich man were to invest his capital in a railroad owned by himself alone. He could not use this merely to transport his own family and their personal goods. That would be ruinously wasteful. If he wished to make a profit on his investment, he would have to use his railroad to transport the public and their goods. He would have to devote his railroad to a public use.

And unlike a government agency, the private owner is obliged by self-preservation to try to avoid losses, which means that he is forced to run his railroad economically and efficiently. And also unlike a government agency, the private capitalist is nearly always obliged to face competition – which means to make the services he provides or the goods he sells superior or at least equal to those provided by his competitors. Therefore the private capitalist normally serves the public far better than the government could if it took over his property.

Henry Hazlitt is well-known to FREEMAN readers as author, columnist, editor, lecturer, and practitioner of freedom. This article will appear as a chapter in a forthcoming book, *The Conquest of Poverty*, to be published by Arlington House.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Looked at from the standpoint of the service they provide, the private railroads today are worth vastly more to the public than to their owners.

Though socialists chronically fail to understand it, there is nothing original in the theme just stated. It was hinted at in Adam Smith:

> Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society.[1]

At another point Adam Smith was even more explicit:

> Every prodigal appears to be a public enemy, and every frugal man a public benefactor. . . . The principle which prompts to save, is the desire of bettering our condition. . . . An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition. . . . And the most likely way of augmenting their fortune, is to save and accumulate some part of what they desire. . . . [The funds they accumulate] are destined for the maintenance of productive labor. . . . The productive powers of the same number of laborers cannot be increased, but in consequence either of some addition and improvement to those machines and instruments which facilitate and abridge labor; or of a more proper division and distribution of employment. In either case an additional capital is almost always required.[2]

In the history of economic thought, however, it is astonishing how much this truth was neglected or forgotten, even by some of Smith's most eminent successors. But the theorem has been revived, and some of its corollaries more explicitly examined, by several writers in the present century.

How Henry Ford Profitably Served the Public

One of them was George E. Roberts, director of the U. S. Mint under three Presidents, who was responsible for the *Monthly Economic Letter* of the National City Bank of New York from 1914 until 1940.

An example often cited by Roberts was Henry Ford and his automobile plant. Roberts pointed out in the July letter of 1918 that the portion of the profits of Henry Ford's automobile business that he had invested in the development and manufacture of a farm tractor was not devoted to Ford's private

[1] *Wealth of Nations* (1776), Bk. IV, Ch. II.

[2] *Ibid.*, Bk. II, Ch. III.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

wants; nor was that portion which he invested in furnaces for making steel; nor that portion invested in workingmen's houses. "If Henry Ford had exceptional talent for the direction of large productive enterprises the public had no reason to regret that he had an income of $50,000,000 a year with which to enlarge his operations. If that income came to him because he had a genius for industrial management, the results to the public were probably larger than they would have been if the $50,000,000 had been arbitrarily distributed at 50 cents per head to all the [then, 1918] population of the country."

In brief, only that portion of his income which the owner spends upon himself and his dependents is devoted to him or to them. All the rest is devoted to the public as completely as though the title of ownership was in the state. The individual may toil, study, contrive, and save, but all that he saves inures to others.

But the Ford Motor Company, from the profits of which the original owner drew so little for his own personal needs, is not a unique example in American business. Perhaps the greater part of private profits are today reinvested in industry to pay for increased production and service for the public.

Profits After Taxes Average 4 Per Cent of Sales

Let us see what happened, for example, to all the corporate profits in the United States in 1968, fifty years after George Roberts was writing about the Ford Company. These aggregate net profits amounted before taxes to a total of $88.7 billion (or one-eighth of the total national income in that year of $712.7 billion).

Out of these profits the corporations had to pay 46 per cent, or $40.6 billion, to the government in taxes. The public, of course, got directly whatever benefit these provided. Corporate profits after taxes then amounted to $48.2 billion, or less than 7 per cent of the national income.

These profits after taxes, moreover, averaged only 4 cents for every dollar of sales. This meant that for every dollar that the corporations took in from sales, they paid out 96 cents – partly for taxes, but mainly for wages and for supplies from others.

But by no means all of the $48.2 billion earned after taxes went to the stockholders of the corporations in dividends. More than half – $24.9 billion – was retained or reinvested in the business. Only $23.3 billion went to the stockholders in dividends.

There is nothing untypical in these 1968 corporate reinvestment

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

figures. In every one of the six years preceding 1968 the amount of funds retained for reinvestment exceeded the total amount paid out in dividends.

Moreover, even the $25 billion figure understates corporate reinvestment in 1968. For in that year the corporations suffered $46.5 billion depreciation on their old plant and equipment. Nearly all of this was reinvested in repairs to old equipment or to complete replacement. The $24.9 billion represented reinvestment of profits in *additional* or greatly improved equipment.

And even the $23.3 billion that finally went to stockholders was not all retained by them to be spent on their personal consumption. A great deal of it was reinvested in new enterprises. The amount is not precisely ascertainable; but the U. S. Department of Commerce estimates that total personal savings in 1968 exceeded $40 billion.

Thus because of both corporate and personal saving, an ever-increasing supply is produced of finished goods and services to be shared by the American masses.

In a modern economy, in brief, those who save and invest can hardly help but serve the public. As Mises has put it: "In the market society the proprietors of capital and land can enjoy their property only by employing it for the satisfaction of other people's wants. They must serve the consumers in order to have any advantage from what is their own. The very fact that they own means of production forces them to submit to the wishes of the public. Ownership is an asset only for those who know how to employ it in the best possible way for the benefit of the consumers. It is a social function."[3]

It follows from this that the rich can do the most good for the poor if they refrain from ostentation and extravagance, and if instead they save and invest their savings in industries producing goods for the masses.

F. A. Harper has gone so far as to write: "Both fact and logic seem to me to support the view that savings invested in privately owned economic tools of production amount to an act of charity. And further, I believe it to be — as a type — the greatest economic charity of all."[4]

Professor Harper supports this view by quoting, among others, from Samuel Johnson, who once said: "You are much surer that you are doing good when you *pay*

[3] Ludwig von Mises, *Human Action* (Third Revised Edition; Chicago: Henry Regnery Co., 1966), p. 648.

[4] "The Greatest Economic Charity." Essay in symposium *On Freedom and Free Enterprise*, Mary Sennholz, ed. Van Nostrand, 1956), p. 99.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

money to those who work, as a recompense of their labor, than when you *give* money merely in charity."[5]

So, saving and sound investment are by far the most important means by which the rich can confer benefits on the poor.

Saving and Investment

This theme has found expression in this century by a deplorably small number of writers. One of the most persuasive was Hartley Withers, a former editor of the famous London *Economist*, who published an ingratiating little book in 1914, a few weeks before the outbreak of the First World War, called *Poverty and Waste*.[6] The contention of his book is that when a wealthy man spends money on luxuries he causes the production of luxuries and so diverts capital, energy, and labor from the production of necessaries, and so makes necessaries scarce and dear for the poor. Withers does not ask him

> . . . to give his money away, for he would probably do more harm than good thereby, unless he did it very carefully and skilfully; but only to invest part of what he now spends on luxuries so that more capital may be available for the output of necessaries. So that by the simultaneous process of increasing the supply of capital and diminishing the demand for luxuries the wages of the poor may be increased and the supply of their needs may be cheapened; and he himself may feel more comfortable in the enjoyment of his income.[7]

Yet in spite of the authority of the classical economists and the inherent strength of the arguments for saving and investment, the gospel of spending has an even older history. One of the chief tenets of the "new economics" of our time is that saving is not only ridiculous but the chief cause of depressions and unemployment.

Adam Smith's arguments for saving and investment were at least partly a refutation of some of the mercantilist doctrines thriving in the century before he wrote. Professor Eli Heckscher, in his *Mercantilism* (2 vol., 1935), quotes a number of examples of what he calls "the deep-rooted belief in the utility of luxury and the evil of thrift. Thrift, in fact, was regarded as the cause of unemployment, and for two reasons: in the first place, because real income was believed to diminish by the amount of money which did not enter into exchange, and sec-

[5] James Boswell, *The Life of Samuel Johnson* (Boston: Charles E. Lauriat Co., 1925). Vol. II, p. 636.

[6] (London: Smith, Elder, 1914; Second, Revised Edition, John Murray, 1931.)

[7] *Poverty and Waste*, p. 139.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ondly, because saving was believed to withdraw money from circulation."[8]

An example of how persistent these fallacies were, long after Adam Smith's refutation, is found in the words that the sailor-turned-novelist, Captain Marryat, put into the mouth of his hero, Mr. Midshipman Easy, in his novel by that name published in 1836:

> The luxury, the pampered state, the idleness – if you please, the wickedness – of the rich, all contribute to the support, the comfort, and the employment of the poor. You may behold extravagance – it is a vice; but that very extravagance circulates money, and the vice of one contributes to the happiness of many. The only vice which is not redeemed by producing commensurate good, is avarice.

Mr. Midshipman Easy is supposed to have learned this wisdom in the navy, but it is almost an exact summary of the doctrine preached in Bernard Mandeville's *Fable of the Bees* in 1714.

Luxury Spending

Now though this doctrine is false in its attack on thrift, there is an important germ of truth in it. The rich can hardly prevent themselves from helping the poor to some extent, almost regardless of how they spend or save their money. So far from the wealth of the rich being the cause of the poverty of the poor, as the immemorial popular fallacy has it, the poor are made less poor by their economic relations with the rich. Even if the rich spend their money foolishly and wastefully, they give employment to the poor as servants, as suppliers, even as panders to their vices. But what is too often forgotten is that if the rich saved and invested their money they would not only give employment to just as many people producing capital goods, but that as a result of the reduced costs of production and the increased supply of consumer goods which this investment brought about, the real wages of the workers and the supply of goods and services available to them would greatly increase.

What is also forgotten by the defenders of luxury spending is that, though it improves the condition of the poor who cater to it, it also increases their dissatisfaction, unrest, and resentment. The result is increased envy of, and sullenness toward, those who are making them better off.

The first eminent economist who attempted to refute Adam Smith's proposition that "every prodigal appears to be a public enemy, and every frugal man a public benefactor" was Thomas R. Malthus.

[8] Vol. ii, p. 208.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Malthus's objections were partly well taken and partly fallacious. I have examined them rather fully in another place;[9] and I shall content myself here with quoting a few lines from the answer that a greater economist than Malthus, David Ricardo, made at the time (circa 1814-21):

> Mr. Malthus never appears to remember that to save is to spend, as surely as what he exclusively calls spending. . . . I deny that the wants of consumers generally are diminished by parsimony – they are transferred with the power to consume to another set of consumers.[10]

John Maynard Keynes

We have yet to discuss the views of the most influential opponent of saving in our time – John Maynard Keynes.

It is widely believed, especially by his disciples, that Lord Keynes did not condemn saving until, in a sudden vision on his road to Damascus, the truth flashed upon him and he published it in *The General Theory of Employment, Interest, and Money* in 1936. All this is apocryphal. Keynes disparaged saving almost from the beginning of his career. He was warning his countrymen in a broadcast address in January, 1931, that "whenever you save five shillings, you put a man out of work for a day." And long before that, in his *Economic Consequences of the Peace,* published in 1920, he was writing passages like this:

> The railways of the world which [the nineteenth century] built as a monument to posterity, were, not less than the Pyramids of Egypt, the work of labor which was not free to consume in immediate enjoyment the full equivalent of its efforts.
>
> Thus this remarkable system depended for its growth on a double bluff or deception. On the one hand the laboring classes accepted from ignorance or powerlessness, or were compelled, persuaded, or cajoled by custom, convention, authority, and the well-established order of Society into accepting, a situation in which they could call their own very little of the cake that they and Nature and the capitalists were cooperating to produce. And on the other hand the capitalist classes were allowed to call the best part of the cake theirs and were theoretically free to consume it, on the tacit underlying condition that they consumed very little of it in practice. The duty of "saving" became nine-tenths of virtue and the growth of the cake the object of true religion. There grew round the non-consumption of the cake all those instincts of puritanism which in other ages has withdrawn itself from the world and has neglected the arts of

[9] *The Failure of the "New Economics"* (Van Nostrand, 1959), pp. 40-43 and 355-362.

[10] *Notes on Malthus* (Sraffa edition), p. 449 and p. 309.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

production as well as those of enjoyment. And so the cake increased; but to what end was not clearly contemplated. Individuals would be exhorted not so much to abstain as to defer, and to cultivate the pleasures of security and anticipation. Saving was for old age or for your children; but this was only in theory – the virtue of the cake was that it was never to be consumed, neither by you nor by your children after you. (pp. 19-20.)

This passage illustrates the irresponsible flippancy that runs through so much of Keynes's work. It was clearly written tongue-in-cheek. In the very next sentences Keynes made a left-handed retraction: "In writing thus I do not necessarily disparage the practices of that generation. In the unconscious recesses of its being Society knew what it was about," etc.

Yet he let his derision stand to do its harm.

If we accepted Keynes's original passage as sincerely written, we would have to point out in reply: (1) The railways of the world cannot be seriously compared with the pyramids of Egypt, because the railways enormously improved the production, transportation, and availability of goods and services for the masses. (2) There was no bluff and no deception. The workers who built the railroads were perfectly "free" to consume in immediate enjoyment the full equivalent of their efforts. It was the *capitalist* classes that did nearly all the saving, not the workers. (3) Even the capitalist classes did consume *most* of their slice of the cake; they were simply wise enough to refrain from consuming *all* of it in the same year as they baked it.

This point is so fundamental, and both Keynes and his disciples have so confused themselves and others with their mockery and intellectual somersaults, that it is worth making the matter plain by constructing an illustrative table.

Results in Ruritania: A Larger "Cake"

Let us assume that in Ruritania, as a result of net annual saving and investment of 10 per cent of output, there is over the long run an average increase in real production of 3 per cent a year. Then the picture of economic growth we get over a ten-year period runs like this in terms of index numbers:

Year	Total Production	Consumers' Goods	Capital Goods
First	100	90	10
Second	103	92.7	10.3
Third	106.1	95.5	10.6
Fifth	112.5	101.3	11.2
Tenth	130.5	117.5	13.0

(These results do not differ too widely from what has been hap-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

pening in recent years in the United States.)

What this table illustrates is that total production in Ruritania increases each year *because of the net saving* (and consequent investment), and would not increase without it. The saving is used year after year to increase the quantity and improve the quality of existing machinery or other capital equipment, and so to increase the output of *both* consumption and capital goods.

Each year there is a larger and larger "cake." Each year, it is true, not all of the currently produced cake is consumed. But there is no irrational or cumulative consumer restraint. For each year a larger and larger cake is in fact consumed; until even at the end of five years (in our illustration), the annual consumers' cake alone is equal to the combined producers' and consumers' cakes of the first year. Moreover, the capital equipment, the ability to produce goods, is now 12 per cent greater than in the first year. And by the tenth year the ability to produce goods is 30 per cent greater than in the first year; the total cake produced is 30 per cent greater than in the first year, and the consumers' cake alone is more than 17 per cent greater than the combined consumers' and producers' cakes in the first year.

No Allowances for Depreciation

There is a further point to be taken into account. Our table is built on the assumption that there has been a *net* annual saving and investment of 10 per cent a year; but in order to achieve this Ruritania will probably have to have a *gross* annual saving and investment of, say, twice as much, or 20 per cent, to cover the repairs, depreciation and deterioration taking place every year in housing, roads, trucks, factories, equipment. This is a consideration for which no room can be found in Keynes's simplistic and mocking cake analogy. The same kind of reasoning which would make it seem silly to save for new capital would also make it seem silly to save enough even to replace old capital.

In a Keynesian world, in which saving was a sin, production would go lower and lower, and the world would get poorer and poorer.

In the illustrative table I have by implication assumed the long-run equality of saving and investment. Keynes himself shifted his concepts and definitions of both saving and investment repeatedly. In his *General Theory* the discussion of their relation is hopelessly confused. At one point (p. 74) he tells us that saving and investment are "necessarily equal" and "merely different aspects of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

same thing." At another point (p. 21) he is telling us that they are "two essentially different activities" without even a "nexus."

Produce, Save, Invest

Let us, putting all this aside, try to look at the matter both simply and realistically. Let us define saving as an excess of production over consumption; and let us define investment as the employment of this unconsumed excess to create additional means of production. Then, though saving and investment are not always *necessarily* equal, over the long run they tend to equality.

New capital is formed by production combined with saving. Before there can be a given amount of investment, there must be a preceding equal amount of saving. Saving is the first half of the action necessary for more investment. "To complete the act of forming capital it is of course necessary to complement the negative factor of saving with the positive factor of devoting the thing saved to a productive service. . . . [But] saving is an indispensable condition precedent of the formation of capital."[11]

Keynes constantly deplored saving while praising investment, persistently forgetting that the second was impossible without the first.

Of course it is most desirable economically that whatever is saved should also be invested, and in addition invested prudently and wisely. But in the modern world, investment follows or accompanies saving almost automatically. Few people in the Western world today keep their money under the floor boards. Even the poorer savers put their money out at interest in savings banks; and those banks act as intermediaries to take care of the more direct forms of investment. Even if a man keeps a relatively large sum in an inactive checking deposit, the bank in which he keeps it, trying always to maximize its profits or to minimize losses, seeks to keep itself "fully loaned up" – that is, with close to the minimum necessary cash reserves. If there is insufficient demand at the time for commercial loans, the bank will buy Treasury bills or notes. The result in the United States, for example, is that a bank in New York or Chicago would normally lend out five-sixths of the "hoarder's" deposit; and a "country bank" would lend out even more of it.

Of course, to repeat, a saver can do the most economic good, both

[11] Eugen von Böhm-Bawerk, *Positive Theory of Capital*, 1891 (South Holland, Ill.: Libertarian Press, 1959), pp. 104, 118.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for himself and his community, if he invests most of his savings, and invests them prudently and wisely. But – contrary to the theories of the mercantilists and the Keynesians – even if he "hoards" his savings he may often benefit both himself and the community and at least under normal conditions do no harm.

To understand more clearly why this is so it may be instructive to begin by distinguishing between three kinds of (or motives for) saving, and three groups of savers –roughly the poor, the middle class, and the wealthy.

Rent-day Saving

Let us call the most necessary kind, which even the poorest must practice, "rent-day saving." Men buy and pay for things over different time periods. They buy and pay for food, for the most part, daily. They pay rent weekly or monthly. They buy major articles of clothing once or twice a year. A man who earns $10 a day cannot afford to spend $10 a day on food and drink. He can spend on them, say, not more than $6 a day, and must put aside $4 a day from which to pay out part at the end of the month for rent, light, and heat, and another part for a winter overcoat at the end of six months, and so on. This is the kind of saving necessary to ensure one's ability to spend throughout the year. "Rent-day saving" can symbolize all the saving necessary to pay for regularly recurrent and unavoidable living expenses. Obviously this kind of saving, sustained only for weeks or a season, is not cumulative and can in no circumstances be held responsible for business depressions. It is utter irresponsibility to ridicule it.

Rainy-day Saving Can't Cause Depression

The next kind of saving, which applies especially to the middle classes, or moderately well off, is what we may call "rainy-day saving." This is saving against such possible contingencies as loss of a job, illness in the family, death of the breadwinner, or the like.

It is this "rainy-day saving" that the Keynesians most deplore, and from which they fear the direst consequences. Yet even in extreme cases it does not, except in very special cyclical circumstances, tend to bring about any depression or economic slowdown.

Let us consider, for example, a society consisting entirely of "hoarders" and "misers." They are hoarders and misers in this sense: that they all assume they are going to live till 70 but will be forced to retire at 60; and they want to have as much to spend in each of their last ten years as in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

their 40 working years from 20 to 60. This means that each family will save one-fifth of its annual income over 40 years in order to have the same amount to spend in each of its final ten years.

We are deliberately assuming the extreme case, so let us assume that the money saved is not invested in a business or in stocks or bonds, is not even put in a savings bank, earns no interest, but is simply "hoarded."

This of course would permit no economic improvement whatever, but if it were the regular permanent way of life in that community, at least *it would not lead to a depression.* The people who refrained from buying a certain amount of consumers' goods and services would not be bidding up their prices; they would simply be leaving them for others to buy. If this saving for old age were the regular and expected way of life, and not some sudden unanticipated mania for saving, the manufacturers of consumer goods would not have produced an oversupply to be left on their hands; the older people in their seventh decade would in fact be spending more than similarly aged people in a "spending" society, and the unspent savings of those who died would revert to the spending stream. Over a long period, year by year, there would be just as much spent as in a "spending" society.

Let us remember that money saved, in an evenly-rotating economy, where there is neither monetary inflation nor deflation, does not go out of existence. Savings, even when they are not invested in production goods, are merely *deferred or postponed* spending. The money stays somewhere and is always finally spent. In the long run, in a society with a relatively stable ratio between hoarders and spenders, savings are constantly coming back into the spending stream, through old-age spending or through deaths, keeping the stream at an even flow.

What we are trying to understand is merely the effect of saving *per se,* and not of sudden and unanticipated *changes* in spending and saving. Therefore we are *abstracting* from the effects produced by unexpected changes in spending and saving or changes in the stock of money. If even a heavy amount of saving were the regular way of life in a community, the relative production and prices of consumers' and producers' goods would already be adjusted to this. Of course, if a depression sets in from some other cause, and the prices of securities and of goods begin to fall, and people suddenly fear the loss of their jobs, or a further fall in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

prices, this may lead to a massive and unanticipated *increase* in saving (or more exactly in nonspending) and this may of course intensify a depression already begun from other causes. But depressions cannot be blamed on regular, predictable, anticipated saving.

Some readers may contend that I have not yet imagined the most extreme case of saving – a society, say, all the members of which perpetually save more than half as much as they earn, and keep saving, not for old age, or for any reasonable contingency, but simply because of a "religion" of saving. In brief, these would be the cake nonconsumers of Keynes's satire. But such an imaginary society involves a contradiction of assumptions. If the members of that society intended always to live at their existing modest or even mean level, why would they keep exerting themselves to produce more than they ever expected to consume? That would be pathologic to the point of insanity. Keynes's allegory of the extent of supposed nineteenth century thrift was surely his own hallucination.

Capitalistic Saving for Investment in Industry

We come finally to the third type of saving – what we may call "capitalistic" saving. This is saving that is put aside for investment in industry – either directly, or indirectly in the form of savings bank deposits. It is saving that yields interest or profits. The saver hopes, in his old age or even earlier, to live on the income yielded by his investments rather than by consuming his saved capital.

This type of "capitalistic" saving was until recently confined to the very rich. Indeed, even the very rich were not able to take advantage of this type of saving until the modern development of banks and corporations. As late as the beginning of the eighteenth century we hear of London merchants on their retirement taking a chest of gold coin with them to the country with the intention of gradually drawing on that hoard for the rest of their lives.[12] Today the greater part even of the American middle classes, however, enjoy the advantage of capitalistic saving.

To sum up. Contrary to age-old prejudices, the wealth of the rich is not the cause of the poverty of the poor, but helps to alleviate that poverty. No matter whether it is their intention or not, almost anything that the rich can legally

[12] F. A. Hayek, *Profits, Interest and Investment* (London: George Routledge, 1939), pp. 162-163. See also the numerous cases mentioned in G. M. Trevelyan's *English Social History* (David McCay, 1942).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

do tends to help the poor. The spending of the rich gives employment to the poor. But the saving of the rich, and their investment of these savings in the means of production, gives just as much employment, and in addition makes that employment constantly more productive and more highly paid, while it also constantly increases and cheapens the production of necessities and amenities for the masses.

The rich should of course be directly charitable in the conventional sense, to people who because of illness, disability, or other misfortune cannot take employment or earn enough. Conventional forms of private charity should constantly be extended. But the most effective charity on the part of the rich is to live simply, to avoid extravagance and ostentatious display, and to save and invest so as to provide more people with increasingly productive jobs, and to provide the masses with an ever-greater abundance of the necessities and amenities of life.

GEORGE HAGEDORN

Uses of Ignorance

SOME TIME AGO in Washington, this writer gave a talk at a meeting of fellow economists, in which a somewhat unusual course of action was suggested. I will state it at this point and ask you to restrain your initial indignation.

My recommendation was this: *Business economists ought, at this stage of history, to seize aggressively all opportunities for asserting their own ignorance.*

I start from the premise that economists have a vast fund of ignorance to exploit. There are important items of factual information we do not have, there are critical relationships we do not understand, and there are potentialities for the future that we are not aware of.

Economists are generally well aware of the limitations of their knowledge. And they do not ordi-

---

Mr. Hagedorn is Vice-President and Chief Economist of the National Association of Manufacturers. This column appeared in *NAM Reports*, September 7, 1970.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

narily conceal it from the non-economists with whom they deal. But their statements of their own ignorance tend to be apologetic confessions, whereas my recommendation is that they should be aggressive assertions.

The inability of economists to know certain important things is itself a fact of great significance. We economists are probably the people best qualified to analyze the implications, for company action and for government policy, of our own ignorance. We should strive to make our lack of knowledge a part of the positive content of decision-making, rather than a sad apologetic footnote to it. This is what I mean by an aggressive assertion of ignorance.

I have in past writings occasionally ventured the opinion that much of the economic forecasting that is done in the ordinary way is not only useless but harmful. Decision-making is an inescapable necessity in business operations, but forecasting is not. Any decision has to be made in the light of relevant facts which are known, but also in recognition of what is unknown and perhaps unknowable. The worst thing the economist can do for the decision-maker is to obscure the line between what is known and what is unknown.

This is almost exactly what is done in the customary procedures of forecasting. The economist, fully aware of his own limitations, feels obliged simply "to do the best he can" in providing forecasts of anything his principals want forecasted.

Especially in Political Affairs

I also believe that a more aggressive assertion by economists of ignorance is desirable in the formulation of national economic policies. The fine-tuning approach to monetary and fiscal policy would, of course, be fully justified if our knowledge of the changing economic situation were always complete. But if our explanations of the limitations in our knowledge are apologetic, rather than aggressive, we are not likely to deter policy makers from the fine-tuning approach.

An aggressive assertion of our ignorance, and an analytic exploration of its consequences, leads however to a rejection of the fine-tuning approach altogether. The decision-making strategy which takes full account of ignorance leads in the direction of maintaining a relatively steady posture in fiscal and monetary policy.

National policy in regard to the balance of payments is a prime example of how an aggressive assertion of ignorance can be of great help. I speak feelingly on

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

this subject because my own fund of ignorance on it is so large. Furthermore, I am proud of the fact that I came by my ignorance the hard way—through long study which revealed that most of what I knew about the balance of payments wasn't so. An aggressive assertion of ignorance on the "balance of payments problem" (whatever that may be) would have led to better national policy decisions in that area than we have in fact had.

Unknowable in Principle, Unworkable in Practice

One logical reaction from economists to my emphasis on ignorance may be to advocate more and bigger programs of research to fill in the knowledge gaps. I don't mean to argue against this approach but I do have reservations about its fruitfulness. Much of what we would like to know is, I think, not only unknown in practice but unknowable in principle.

The reason I say this is that there seems to me to be an inherent contradiction in the belief that we ever can know certain things. For example, if we ever became able to predict the large and sudden changes in the inventory situation that are occasionally recorded, they would cease to happen.

Perhaps what is needed in economics is an equivalent of the Heisenberg principle of uncertainty in physics. This kind of precise definition of what we can know and can't know would, I believe, be a most notable contribution to our science and a most helpful guide to practitioners of our art.

All this shouldn't be too shocking and it may even be trite. If economists really knew what they are supposed (by others and sometimes by themselves) to know, there would be a good case for a centrally planned economy. We can save society from that fate by asserting our ignorance aggressively.

IDEAS ON LIBERTY

Wisdom and the Law

IF CIRCUMSPECTION and caution are a part of wisdom when we work only upon inanimate matter, surely they become a part of duty too, when the subject of our demolition and construction is not brick and timber but sentient beings. . . . The true lawgiver ought to have a heart full of sensibility. He ought to love and respect his kind, and to fear himself.

EDMUND BURKE, *Reflections on the Revolution in France* (1790)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CLARENCE B. CARSON

Throttling the Railroads

8 The Grip of the Unions

GOVERNMENT throttled the railroads in three ways mainly. In the first place, restrictive regulation took away crucial managerial authority from the railroads and vested it in the Interstate Commerce Commission. This was supplemented, in turn, by various legislative inhibitions of general application. In the second place, government subsidized and otherwise privileged competitive means of transport. In the third place, government fostered the organization of railway unions and aided them in various ways in circumscribing and hamstringing the use of rail facilities. The first two of these interventions have already been covered. It is time now to examine the grip of the labor unions on the railroads.

Labor unions, in general, are organized to get higher wages and improve the working conditions of their members. To do this, they attempt to take the determination of these conditions out of the market place and have them determined by negotiation with the employer who negotiates under the threat that he will be denied access to any workers if he does not comply with their demands. The economic impact of this intervention extends outward to effect with varying degrees four distinct groupings of people.

Dr. Carson is a frequent contributor to THE FREEMAN and other journals and the author of several books, his latest being *The War on the Poor* (Arlington House, 1969). He is Chairman of the Social Science Department at Okaloosa-Walton College in Florida.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Effects of Labor Union Activity on People

Those who are apt to be most directly affected by labor union activity are other potential workers for an employer. They are most likely to be the ones against whom threats and violence are used if there is a strike – and if the employer attempts to operate the struck facility. Other workers are the ones, also, who are denied the opportunity for jobs which they might have if unions did not prevent them from being employed. More broadly, if unions succeed in getting higher wages and better conditions than they would otherwise have got, they do so by reducing the number who can be employed in that undertaking, as a rule. The general impact is either to reduce the number who can be employed or reduce the wages and working conditions of some of those employed, or both.

Less directly, labor union activity is aimed at employers (though union rhetoric suggests that they are the primary target). Employers are not usually the victims of threats and violence, but this does not mean that they may not suffer. They may and do suffer during a strike by sabotage, by additional charges incurred in attempting to protect and maintain facilities, by having to go to the trouble and expense of training new employees, or by being unable to operate their facilities and provide goods and services with all the train of disadvantages that may follow from that.

Labor union activity may, in the third instance, have effects which reach through to all of us as consumers. This is so, obviously, when a prolonged strike cuts off goods and services which we could otherwise have had. It is so, too, when labor costs are raised so that goods and services are made more expensive. In this case, the consumer may shift to substitutes or reduce his consumption of the goods or services involved.

The fourth effect is rarely, if ever, discussed and has not, to my knowledge, had any careful empirical studies made which would tend to verify it. Yet it is an effect which can be reasonably adduced and which much evidence that is common knowledge tends to support. The effect I have in mind is on those who work in and use the facilities of employers whose employees are extensively organized into unions. Those facilities are likely to show the effects of the tampering with the market which produces an imbalance in capital outlay. If an employer has to pay higher wages for shorter hours, if his workers attain various perquisites which

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

hamper their use, if he must still compete with others in providing the goods and services, if he must compete for money with other users, then something has to give if he is to operate successfully. That something will quite often be the appearance, style, and quality of his facilities.

I noted in an earlier chapter that railroad facilities are frequently rundown, that freight and passenger stations are often decrepit and in poor state of repair, that passenger cars are old and dirty, and that facilities in general are below the standard in other fields. Railroads have obviously skimped in expenses for facilities in order to meet other outlays. This, in turn, has had a rather predictable effect on employee morale, and helps to account for surly and desultory service. In one direction, at least, the union quest for better working conditions has resulted in worsening working conditions.

Growth of Railway Unions

The railway unions were among the earliest trade unions organized on any scale within the United States. The Brotherhood of Locomotive Engineers was organized in 1863. The remainder of the Big Four of the Brotherhoods were organized within the next twenty years. In addition, two other major union developments occurred in the nineteenth century involving railway employees. The Knights of Labor gained considerable following among them, and even brought off a successful strike against the Gould System in 1884-85. In the 1890's, Eugene Debs organized the American Railway Union which brought off, temporarily, a sympathy strike for Pullman workers. However, the Knights of Labor and the American Railway Union were short-lived organizations, while the Brotherhoods had much greater permanency.

Union membership grew in the early twentieth century and had a great surge during World War I after the government took over the railroads. Since that time, the unions have remained strong and, though they have rarely struck, it is generally conceded that they could shut down the railroads rather effectively if and when they did. Many of the unions have remained independent, but some of them are affiliated with the American Federation of Labor or with the Teamsters.

The Government and the Unions

The relationship between the government and the railway unions needs to be made clear at this point. To do this is no easy task. Not only has the nature of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

this relationship usually been mired in controversy involving the legitimacy of union activities but also the relationship itself has been complex and confusing. Presidents, governors, and government officials have frequently attempted either to be or appear to be neutral in the contests between unions and railroad companies. They could not be, though this fact has frequently been kept from public attention. They could not be, most basically, because union tactics would not permit them to be. Government must be either for or against labor unions as they have been constituted and operated. There is no middle ground.

The reason for this can be made clear by a little examination into the nature of labor unions. According to union rhetoric, labor is not a commodity. The import of this is that wages should not be determined in the market but should be determined elsewhere. Again, according to the rhetoric, wages should be set as a result of negotiation. Not, however, by negotiation between the employer and the individual employee; according to widely held notions, that became impracticable due to the development of large companies and corporations.

The notion that wages are, or ever have been, determined to any significant degree by negotiations is a red herring used to throw the inquirer off the scent. It is true that occasionally negotiations may occur between a prospective employer and someone who has a much needed skill, ability, or reputation, and when the prospective employee has several prospects. But this is the exception to the rule by which wages are determined. There is usually a going wage in the market at any given time for a particular job, a wage rate resulting from competition among employers for workers and among workers for jobs – that is, from the supply of workers and the demand for their produce. Any negotiations that would occur would be on the fringes of the question of wages and working conditions.

Can a Union Negotiate?

How, then, could a union induce an employer to negotiate with its leaders for workers? To put it another way, if a company could hire workers at a wage its managers were willing to pay, why would those managers negotiate the matter with labor union leaders? The answer, it is clear both in theory and in history, is that they would not do so willingly. This means that for the union to be brought in, some compelling reason must exist.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In order to be able to negotiate as an equal with an employer, a union must corner the market of workers available to him. This can be done in one of two ways when the task is stripped to its essentials. A union might, in theory, corner the market by placing available workers under contract to it and paying them the wages and providing the working conditions it demanded from any other employer. This would be a market operation, and the union would be going into the market to bid for workers. Negotiations could then take place between prospective employers and the union for workers by negotiating to buy the contracts. In fact, no such operation has ever been undertaken by a union, nor is it likely to be. Unless a union had unlimited funds employers would only have to hold out for some period of time to bankrupt and break the union.

Unions do attempt to corner the market, but they do not use market methods to do so. They attempt to deny the employer access to workers and the constructive use of his facilities until he comes to terms. They do this, if he attempts to operate, by intimidation – by strikes, by driving prospective employees away from the facilities, by sabotage, and by threats. They have no recognizable good or service to sell; they have no workers under a work contract for a period of time which could be transferred to an employer. All they have to offer is an agreement to refrain from their tactics of intimidation for a period of time in return for certain wage scales and working conditions to prevail for those who work for an employer.

Government cannot, I say, be neutral toward the use of such tactics. It must either prohibit and inhibit intimidation or it must condone it. It must either enforce contracts arrived at by coercion or it must negate them. Government must either monopolize the use of intimidation or concur in the use of it by others. There is no middle ground.

Railway unions posed the dilemma very early in their operations for government of whether to side with or against them. They posed it more dramatically than most unions have done. They did so because of the nature and importance of the railroads. Trains are particularly vulnerable to the saboteur. A twisted rail, an incapacitated engineer, a rail wrongly set to take a train into a siding, strategically greased rails, can cause an amazing amount of mischief. Moreover, a station or switchyard shutdown can prevent the effective use of the extended facilities of a rail-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

road. On the other hand, large portions of a wheat crop could be lost by the denial of rail service at a crucial time, and large cities would be hard put to survive. In consequence, those who governed have been confronted with the dilemma of either preventing the use of intimidation by unions or throwing the weight of government behind the unions so that rail companies will be forced to make sufficient concessions or comply with what is wanted and thus make the unions' tactics unnecessary. In short, they have had to use force either on the companies or on the unions.

Government Sides with the Unions

Government – both Federal and state – took the side of the unions, at first tentatively, and then over the years much more thoroughly. They have done so in three ways, mainly. First, the Federal government threw its weight behind the mediation of disputes. This favored the unions because in the absence of intimidation there is no reason to suppose the companies would have wished to resort to mediation to settle disputes. (Of course, given the threat of intimidation, the companies might, and did sometimes, want mediation more than the unions did.) Second, both Federal and state governments prescribed such things as hours of work, compensation for overtime, and various sorts of work rules. Third, by supporting negotiated agreements, by requiring companies to adhere to them, and by other tacit aids governments encouraged the growth of unions.

The first national labor law of any sort was the Act of 1888 which was concerned exclusively with the railroads and the unions. It was the first tentative step toward government support for arbitration of disputes. This Act provided that if the parties to a dispute chose to do so they could submit it to a Board of Arbitration which would have the power to subpoena witnesses and get testimony. Compliance with the decision of the Board was to be voluntary. The Act also provided for a Presidential Commission to be appointed upon request, a commission which would be authorized to publicize its findings.[1]

This first Act was hardly used; in consequence, it was supplanted by the Erdman Act in 1898. This Act provided that once the dispute had been submitted for arbitration and a decision made, the decision was to be binding on both parties. The Erdman Act also contained rules which supported

[1] See Philip Ross, *The Government as a Source of Union Power* (Providence: Brown University Press, 1965), p. 19.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

labor union organization. "It was made a misdemeanor for an employer to require the execution of an oral or written yellow dog contract from any employee as a condition of employment, to threaten or discriminate against any employee because of union membership . . ."[2] and so forth. This part of the Act, however, was shortly nullified by the Supreme Court, but it does indicate how far toward the support of unionism Congress was willing to go at this date. The Newlands Act passed in 1913 strengthened the mediation features of the Erdman Act.

Around World War I, the Federal government began to prescribe the length of work day for rail employees, or, more specifically, the terms of payment for time worked. "In 1916, under threat of an imminent railroad strike, Congress within four days passed the Adamson Act, giving trainmen the 'basic' eight-hour day without wage reduction. Overtime payment at 'time and one-half' was required for railroad workers in 1919."[3]

The Federal government took over and operated the railroads during World War I. The policy toward organized labor during that period, and its results, is described by one work in this way: "During federal control of the railways from 1917 to 1920, public policy encouraged organization by forbidding antiunion discrimination and by introducing nationwide agreements on hours, wages, and working conditions. . . . Like organized labor at large, the railway brotherhoods made great strides during the war years."[4] Also, the government devised a whole series of job classifications which tended to rigidify the role of a given worker; in addition, seniority rules were set up and enforced.[5]

The Transportation Act of 1920

The Transportation Act of 1920 included extensive provisions that were supposed to lead to settlement of labor disputes. It declared that it was the duty of representatives of management and labor to arrive at a settlement. If they failed, the matter was then to go before a Labor Board. The Board was supposed to decide "all disputes with respect to the wages or salaries of employees . . ." not settled by negotiation. Not much came of this, however, because the unions wanted to deal with disputes nationally—

[2] *Ibid.*, p. 21.

[3] Merle Fainsod, *et al.*, *Government and the American Economy* (New York: Norton, 1959, 3rd ed.), pp. 163-64.

[4] *Ibid.*, p. 184.

[5] Ross, *op. cit.*, pp. 29-30.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that is, treat all railroads as belonging to a single system – while the companies insisted upon separate negotiations for each system.

New methods were set up in the Railway Labor Act of 1926. "It places primary emphasis on direct collective bargaining and mediation, but also establishes voluntary arbitration and compulsory investigation." This Act was amended in 1934 by an act which established a National Railroad Adjustment Board. By this latter act, also, labor unions were effectively empowered by government. "The 1934 amendments to the Railway Labor Act forbid company unions. The roads must negotiate in good faith with the authorized labor representatives certified by the Board, although agreement is, of course, not compelled. Carriers may not engage in a number of specified labor practices, such as promotion of company unions, yellow-dog contracts, and other hindrances to independent unions."[6]

The tendency of the Federal government's special protection of railroad workers is also indicated by the Emergency Railroad Transportation Act passed in 1933. The Act authorized mergers and consolidations of rail facilities to be overseen by a Federal Coordinator. But workers were to be protected as follows:

> The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May, 1933 . . . but not more in any one year than 5 per centum . . . ; nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment, by reason of any action taken pursuant to the authority conferred by this title.[7]

The above are examples rather than a full-fledged account of the way the Federal government aided in fastening the incubus of unionism on the railroads. Part of the effort was motivated by the desire to avoid ruinous strikes, but all of it has been undertaken with a politician's eye to the vote of privileged union men. The railroads were the first to receive such government attention. The laws governing railroads, unions, and negotiations between them have been special acts. Other unions generally fall under general acts. The effects of this special status of railroad unions have

[6] Fainsod, *op. cit.*, pp. 185-86.

[7] Henry S. Commager, *Documents of American History* (New York: Appleton-Century-Crofts, 1963), p. 271.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

been with us longer than the effects of the general legislation. The government has, on the one hand, empowered the unions to act as a monopoly; on the other, it has attempted to restrain them from taking full advantage of the position. The railroads have been caught between the Scylla of monopoly unions and the Charybdis of continual government intervention in negotiations.

States have also passed legislation along lines sought by unions. An example of this is the full-crew laws passed by a number of states. New York State passed such a law in 1913. The situation in 1960 was this:

> In its present form, New York's full crew law specifies a minimum number of operating employees on freight trains of more than twenty-five cars, on freights of fewer than twenty-five cars, on passenger trains of more than five cars, on light engines, on fuel-electric engines and on locomotives used in switching operations.
>
> For the most part, the minimum crew specified is larger than crews required by existing contracts between the railroads and employe organizations. Thus trains entering New York from other states are frequently required to stop at border points to pick up extra crewmen.[8]

[8] Leo Egan, "Rail Crews and Politics," *New York Times*, (January 28, 1960), p. 35.

Other such rules have to do with distance to be traveled by a workman, and such like. Where states have not prescribed crew sizes, they are usually provided for in union contracts.

Stultifying Effects of Government Action

The economic effects of union action empowered by government and of government action supported by unions have been burdensome and stultifying on the railroads. They have hampered the use of personnel in economic ways by the railroads, have concentrated workmen in the least productive undertakings, have denied the railroads the benefits of technology, have fastened antique practices on the roads in perpetuity, and have contributed much to the decline of the railroads and to over-all railroad employment. Some examples will show how this has been done.

Railroads are hampered by rigid work rules in the employment of their personnel. For example, "Where yard service has been maintained road crews may not perform switching for their train, even though no yard crew is on duty at the time. Such a yard crew must be called to do the work; otherwise the road crew may claim an extra day's pay at the yard rate for a few minutes'

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

work in switching, and the yard crew not called may similarly claim payment." Again, "On some roads a road crew may not double over in taking a train from a yard. Transfer crews may set cars on an industrial siding, but they may not spot them for loading or unloading. A switching crew must be brought up to do that. In most yards switching crews must be called at set hours. If called later, penalty payments accrue. Hence locomotives and crews, called at stated hours, stand idle until business flows in some time later, but during the same trick."[9]

Rail Labor Costs Excessive

Railroad costs for labor have frequently been proportionately higher than other modes of transportation, that is, have accounted for a higher proportion of operating costs. "In 1939 the percentage of pay-roll costs, with taxes and depreciation included in operating costs, was calculated for various types of transportation as follows:

Class I line-haul railways	53.8
Air transportation	40.7
Water carriers	39.0
Motor truck transportation	38.2
Motorbus transportation	35.2
Pipe-line transportation	31.7[10]

[9] Marvin L. Fair and Ernest W. Williams, Jr., *Economics of Transportation* (New York: Harper, 1950), pp. 626-67.

[10] *Ibid.*, p. 607.

There are several reasons for these higher costs. One is that railroad workmen frequently work much less than an 8-hour day to get credit for one or before overtime begins. One book estimates that the average crew under average conditions in the freight service could complete its work day in 6¼ hours and that a passenger crew could do so in 4⅓ hours.[11] This is so because of work rules, and it obviously drives the cost of labor upward.

An observer seeing a freight train pulling 125 cars on a long distance haul with only a few crewmen aboard might suppose that railroads were making money hand over fist. After all, this looks as if it would be a much more economical use of personnel than could be matched by any other means of transportation than perhaps barges or pipelines. But such an observer would only be seeing that part of railroad operations that keeps them going despite all else. In point of fact, a considerable portion of the labor costs of railroads is concentrated in the least productive and least remunerative operations. They are employed on freight locals where several men may handle only a few boxcars in the course of a day, on switching and siding operations, on passenger trains, in

[11] *Ibid.*, p. 625.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

small stations which do little to no business but maintain an agent and sometimes other personnel, on commuter trains which operate only at certain hours, and so on.

Featherbedding Practices

When railroads introduce labor-saving technology they are frequently prevented from reducing labor costs significantly. Labor unions may not oppose the introduction of new equipment, but they do oppose the laying off of workmen, the shifting of them to less remunerative employments, or the reduction of work crews.

Some sorts of services have undoubtedly been priced out of the market by work rules. For example, "The height of absurdity in full crewing appears to have been reached upon a medium-sized railroad when a modified small auto delivery unit was placed on flanged wheels to perform passenger service on a branch line. When a crew of five men was required to man it, its utility for the purpose disappeared and the service was abandoned."[12] I used to wonder why railroads did not widely use one-car self-propelled units to carry passengers on branch lines. They could bring long distance travelers to and from main line stations as well as provide service from villages and small towns to cities. The reason is now clear. Despite the fact that one man operating such a unit would not have as much to attend to as a city bus driver, the unions would insist that several men be employed in the undertaking.

Decline in Service

The grip of the unions on the railroads has produced a train of results of most doubtful desirability. This grip has contributed to the decline of passenger and freight service, to the removal of the railroads as competitors in the providing of many kinds of services and to certain areas, to the decline of railroad employees, to the cost to the consumer of his use of rail service, to the deterioration of morale of both employees and consumers, and to the decrepit state of many of the rail facilities.

There may be those who suppose that it was enlightened policy for government to maintain an uneasy peace in railroading by empowering unions, by fostering negotiation, and by substituting the intimidation of government for that of unions on occasion. There may be those who suppose that government established monopolies are desirable if the objects sought are in accord with their wishes. Yet it is proper to ask whether those who think in this

[12] *Ibid.*, p. 627.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

fashion believe that it was desirable so to hamper, constrain, and limit the railroads that they could no longer effectively offer many of their services and could no longer attract customers in some areas. If this latter was not desirable then the former could not be enlightened either. The grip of the unions, the grip of government regulators, and the grip of privileged competitors – all under the auspices of government power – have combined to reduce the railroads to their present debilitated state.

Next: The Future of the Railroads.

IDEAS ON LIBERTY

The Unplanned Society

MODERN MAN prides himself that he has built [his] civilization as if in doing so he had carried out a plan which he had before formed in his mind. The fact is, of course, that if at any point of the past man had mapped out his future on the basis of the then-existing knowledge and then followed this plan, we would not be where we are. We would not only be much poorer, we would not only be less wise, but we would also be less gentle, less moral; in fact we would still have brutally to fight each other for our very lives. We owe the fact that not only our knowledge has grown, but also our morals have improved – and I think they *have* improved, and especially that the concern for our neighbor has increased – not to anybody planning for such a development, but to the fact that in an essentially free society certain trends have prevailed because they made for a peaceful, orderly, and progressive society.

F. A. HAYEK, from remarks in
What's Past Is Prologue

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Conscience of a Majority

VERY EARLY in the nineteen sixties Barry Goldwater, then an obscure Senator from the small (in population) far western state of Arizona, caught a significant turn in the feelings of the average American. As he puts it in his new book, *The Conscience of a Majority* (Prentice-Hall, $7.95), the people who were poor in New Deal days had, in the Eisenhower years, amassed enormous private savings and insurance and had "reached an all-time high in putting aside funds for their future life." They were not ready as yet to repudiate the Welfare State, but they were getting uneasy about the many proposed extensions of it that threatened to erode the private insurance dollar. And, in their questioning mood, the people proceeded to make Barry Goldwater's *The Conscience of a Conservative* a best-seller.

If history had gone in a straight line the new "conservatism," which was in reality a resurgent classical liberalism, would have really made itself felt at the polls in 1964 when Barry Goldwater was the Republican presidential candidate. But a malign fate intervened. Barry tells the story of his own hesitancies, which paralleled the hesitancies of the country, in a revealing early chapter of *The Conscience of a Majority*. He had looked forward to a zestful series of dialogues with President John F. Kennedy on the many issues that made them friendly enemies. When Kennedy was assassinated, however, Barry lost all heart for political campaigning. He accepted the nomination of his party out of a sense of duty to the young people who pressed it on him. But he knew that Lyndon Johnson would never debate fundamentals with him, and he doubted that the country, which was still in a state of shock, was ready for a fight over basic philosophies. The result was a half-hearted campaign

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which the popular commentators on TV and in the press interpreted as the final death throes of the conservative movement.

A New Consensus

How wrong those commentators were: in his story of the "revolt of the middle American" who carried on after the star-crossed 1964 defeat, Barry Goldwater shows how the old New Deal consensus broke down. The South, tired of being dragged along in the dirt by a northern and urban Democratic Party that cared only for its votes, lost its sense of shame in voting Republican. The "ethnics" – the poor of the northern cities who had come late to this country from Europe – now had property, as often as not in the more affluent suburbs. The displacement of populations to the "sunbelt" states and to the Pacific Coast gave people scope on the land and a new sense of well-being. As Kevin Phillips phrased it, the old middle class had become enlarged into middle America.

A new consensus was in the making, and Richard Nixon made the most of it. He has not been as pure a man philosophically as Barry Goldwater, but, as a student of power, Nixon knows how much he had to give to the conservatives to maintain his popularity. Barry Goldwater is satisfied that the Nixon victory in 1968 vindicated his own stand in 1964. He likes what Nixon is doing to wind down the war in Vietnam without welshing on our international commitments; he approves of Nixon's feelings about inflation. This is not to say that Barry Goldwater is the man to give any occupant of the White House a blank check. But he is reasonably certain that the old trust in the "let the government do it" philosophy has had its day.

Along with a sense of vindication, Barry Goldwater has a feeling that he can now speak out on certain subjects without being accused of a sour-grape attitude. He hated what TV and the press did to him in 1964, when they portrayed him as a warmonger and an economic antediluvian, but, knowing that if he said anything he would be labeled a bad loser, he kept quiet about his grievances. It wasn't until Spiro Agnew, an incumbent Vice-President and therefore a success, put TV and the big metropolitan newspapers in their place that Barry Goldwater felt inclined to take off his own wraps. The result is some first-rate inside history of the "media" treatment of the 1964 campaign.

The Voluntary Way

Having paid his respects, mainly sarcastic, to the malfeasances and misfeasances of the "liberals" in 1964, Barry Goldwater turns to the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"shape of the future." He is just as much of a voluntarist as ever, and he is consistent about it in a way that displeases some of his brother conservatives. For example, he wants to let the eighteen-year-olds vote. Since he is against discrimination, he can't see why the eighteen-year-olds should be discriminated against by being disqualified on election day. After all, eighteen-year-olders are liable for income taxes, they can be drafted, they can be made to stand trial as adults, and they can be imprisoned. If they can be taxed they should have representation, if the spirit of 1776 is to be honored.

As for the military draft, Goldwater is against it on moral grounds. The fundamental right of man, he says, is the right to life. Besides, it is wrong to assume that free men won't fight if necessary for their country.

Goldwater is our most consistent Senatorial believer in limited government, and he wants the state to stay out of production. The idea of "nationalizing" industries which do seventy-five per cent of their business with the Pentagon fills him with horror. But he believes the state does have the duty of protecting its citizens, with the police at home and a strong military establishment at the border. He defends the "military-industrial complex," he doesn't regret spending big money for a "sufficient" number of missiles and for an ABM, he supports the purchase of monster troop transport planes such as the C-5A, and he approves of a diplomacy designed to keep the communists from outflanking the free world at the traditional "hinges" in Southeast Asia, at Suez, and along the approaches to the Panama Canal. This is all consistent with Adam Smith's idea that the provision of safety is a legitimate state function; it separates Barry Goldwater, the libertarian, from the anarchists.

The Quality of Life

Finally, Barry Goldwater is one of our most articulate conservationists. One of his big issues in 1964 was the "quality of life." Just as he was premature in raising the "crime in the streets" issue at the 1964 San Francisco convention, so he was ahead of his time in stressing the pollution issue. He is a real toughie on this, for he approves indictments of big corporations for dumping blast furnace wastes into Lake Michigan and for ruining Lake Erie. He believes in free enterprise, but he also believes in the right of people to live in a clean environment. He likes Nixon because the present Republican Administration is the first to prosecute big pollution offenders.

In *The Conscience of a Majority*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

you get the whole Goldwater. The young ought to be for him, for he doesn't object to their "doing their thing" provided it is with due regard for the rights of others. Goldwater likes the young in college; it is their instructors who get the full impact of his wrath for their "irresponsible" teaching, which he thinks is the source of most of our troubles.

▸ THE CHALLENGE OF WORLD POVERTY: *A World Anti-Poverty Program in Outline* by Gunnar Myrdal (New York: Pantheon Books, 1970, 518 pp., $8.95).

Reviewed by Henry Hazlitt

ON FEW ECONOMISTS have more honors and praise been lavished than on Gunnar Myrdal. He has held high office in his native Sweden. He has been an official of the United Nations for ten years. Universities, especially in America, have seemed to stumble over each other in heaping honorary degrees upon him. John Fischer of *Harper's* calls him "the only man I can think of who has written two books capable of changing history." Kenneth Boulding thinks he "may very well be the world's top social scientist."

He is surely prolific. The present book, running to more than 500 pages, seems bulky enough; but it is only a sort of appendix to his three-volume work, *Asian Drama: An Inquiry into the Poverty of Nations*, which ran over 2,000 pages.

Yet in spite of a huge mass of factual reports, and some sound recommendations in special fields – on education in the underdeveloped countries, for example – Myrdal's latest book must be set down on net balance as a costly failure. In the economic field his recommendations are practically always in the direction of less freedom, more state interventionism, and more socialism. Their adoption could only increase and prolong world poverty.

An outstanding example is his repeated insistence on the necessity of radical "land reform" in the underdeveloped countries. What this would involve he never explicitly spells out. At one point (p. 111) he suggests that members of the "landless underclass" should be given "a small plot of land"; at another point (p. 261) he suggests "public ownership and management." What he never explicitly mentions is that either would require confiscation of the land from those who now have it. Even if (improbably) the full market value were paid to previous owners, this would mean imposing a terrific burden of taxation to pay for it – which would

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

equally depress investment and production – in order to benefit an arbitrarily selected group of "the poor."

And the results would be exactly the opposite of what Mr. Myrdal expects. The "reform" would greatly reduce agricultural production, not increase it. With all his masses of current "facts," Mr. Myrdal never once mentions the actual results of the enormous number of "land reforms" in history, even in the twentieth century – in Bolivia and Mexico, for example – where they led to a great decline in agricultural production and an increase in food imports, or in Soviet Russia, where farm collectivization brought on mass famine in which millions perished.

Mr. Myrdal insists that the underdeveloped countries should "help themselves," but his notion of self-help is always more state socialism. His basic remedy for poverty is the ancient one of ignoring property rights and seizing from the rich to give to the poor – the "remedy" that always in the long run increases poverty. He explicitly repudiates the free market. The troubles of the poor countries have been "mainly *the natural outcome of the market forces, which do not work for equality but tend to increase inequality*" (p. 283, his italics). He is constantly advocating government "planning" – price controls, interest-rate controls, import controls, and he does not hesitate to recommend that South Asian countries adopt more *"legislation and regulations enforced by compulsion"* (p. 216, his italics).

He is not only against the free market but specifically against free trade. In opposition to established classical theory and all historic experience, he argues that free trade between developed and underdeveloped countries actually hurts the underdeveloped countries. Even technological advance in the developed countries, he argues, hurts the underdeveloped countries. He even advises the underdeveloped countries to restrict *"the replacement of labor by machines"* (p. 455, his italics).

There is no space here to analyze the huge bundle of hoary economic fallacies that Mr. Myrdal is still able to embrace. He does not explicitly attack capitalism, but every major proposal he makes is anticapitalistic. He demands hugely increased foreign aid, given without strings or conditions. But so far from wanting increased voluntary private foreign investment, he deplores it, and implies that the seizures of American private property in Peru, or wherever, were thoroughly justified. He thinks (p. 487): "The United

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

States should be prepared to tolerate large-scale nationalization of American enterprises." He assumes throughout that the rich are mainly to blame for the poverty of the poor. He blames the lack of sufficient "reforms" in the underdeveloped countries on the obstructive tactics of an "entrenched upper-upper class" and of "reactionaries" in general. The latter seem to include almost everybody who disagrees with him.

The United States is Mr. Myrdal's special villain. As a self-described "social scientist," he never tires of comparing that "overrich country" unfavorably with his native Sweden. It seems we do nearly everything wrong, both at home and abroad, but our worst crime has been to try to defend South Vietnam from a communist takeover. To the "Vietnamese people," Mr. Myrdal informs us, the war there is "a war of liberation, and more precisely *a fight against military intrusion by a foreign, white, and rich nation*" (p. 433, his italics) — meaning us.

Mr. Myrdal would probably resent it if we called his thinking Marxist. "Marxism," he decides in a footnote, is not a scientific term. But he also boasts in the same footnote that, "from a study of how [Marx] worked, I rather believe that in regard to Latin America he would have reached conclusions not very far from those" reached by Mr. Myrdal himself (p. 518). I shall not contradict him.

There are a few serious publishing defects. It is inexcusable, for example, that a book of 518 pages, crammed with factual references, should have no index.

IDEAS ON LIBERTY

The Right of Choice

MAN MUST HAVE THE RIGHT OF CHOICE, even to choose wrong, if he shall ever learn to choose right. The child walks as we unwind the swaddling clothes; the building stands in its full beauty as we remove the scaffolding. Let us beware lest we make gods of the scaffolding; lest by making more intricate the wrappings of law, more strong the rods of coercion, man himself remain feeble and imperfect.

JOSIAH C. WEDGWOOD

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE FREEMAN — Volume 20, January-December 1970

Prepared by BETTINA BIEN of the Foundation staff

NOTE: In page references, the number preceding the colon designates the month, those following refer to pages. All articles have at least three entries—author, subject, and title—except in a few cases when title clearly indicates subject matter. Books reviewed are listed on page 768.

A

ABOUT marijuana (Winkler) 6:376-380
ACADEMIC freedom. *See* Colleges/universities
AGE of authoritarianism, The (Newell) 4:237-240
AGRICULTURAL production and government
  Freedom for farmers (Shuman) 3:138-145
  Our improving environment (Miller) 9:515-529
  What is overpopulation? (Rushdoony) 2:98-105
ANDERSON, Henry
  Denaturization of human nature, The. 9:543-551
ARMENTANO, D. T.
  Inherent weakness of price collusion, The. 1:40-43
ART of thinking, The (Hazlitt) 8:486-508
ARTS, opera and government
  Freedom for intellectual progress (Pick) 3:136-137
  Sinking in a sea of buts (Read) 4:221-223
ASIA, the impotent specter (Smith) 9:552-555
AVIATION
  Fly the frenzied skies (Poole) 5:273-286

B

BACON, Frederic S.
  Harmony or antagonism? 11:643-646
BARGER, Melvin D.
  Private mail could be a public boon. 1:3-10
BASTIAT, Frederic
  Should teen-agers vote? 6:330-336
BATTEN, C. R.
  Tragedy of the Commons, The. 10:608-609
BAYES, William W.
  Ends and means. 11:647-661
  What is property? 7:392-400
BEANS, getting to know (Read) 3:146-151
BEARCE, Robert G.
  Don't be a lonesome libertarian. 3:184-186
  No time for pessimism. 9:567-570
BEHAVIORISM
  Denaturization of human nature, The (Anderson) 9:543-551
  Theology of the exponential curve, The (North) 5:293-310
BET your life? (Poirot) 4:241
BIEN, Bettina. *See* Book reviews (Hazlitt)
BIG business
  Elite under capitalism, The (Mises) 6:367-375
  Inherent weakness of price collusion, The (Armentano) 1:40-43
  Profits and profit-makers (Fertig) 10:610-619
  Throttling the railroads (Carson) 7:401-413; 8:455-465
BIGNESS in business (Wasserman) 4:224-232
BOYD, William B.
  Inflation: what it means. 2:80-84
BRIGHTEN the corner (Edelen) 2:88-95

C

CAHILL, George F.
  Emblem of freedom. 2:67-69
CAPITALISTIC commandment, A (Young) 4:195-200
CARSON, Clarence B.
  Law for governments, A. 1:31-39
  Throttling the railroads:
    (1) Railroad problem, The. 5:259-266
    (2) Aiding the railroads, 1830-1871. 6:354-366
    (3) Thrust to regulation, The. 7:401-413
    (4) Nature of railroading, The. 8:455-465
    (5) Early regulation, 1887-1920. 9:556-566
    (6) Railroads in the grip of government, 1920-1958. 10:623-633
    (7) Grip of privileged competitors, The. 11:684-694
    (8) Grip of the unions, The. 12:743-754
CHAMBERLAIN, John. *See* Book reviews
CHRISTIAN charity vs. government welfare (Johnson) 4:242-244
CITY/local government problems
  I, the radical (Zarbin) 8:483-485
  William Jay Gaynor: libertarian mayor of New York (Thornton) 3:156-164
CIVILIZATION/heritage, ideological
  Art of thinking, The (Hazlitt) 8:486-508
  Fifty years of engineering (Moreell) 11:695-701
  It began with the Greeks (Roche) 3:168-183
  What you don't know might help you! (Opitz) 12:707-724

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CLARK, John A.
Inflation. 4:233-236
COERCION/compulsion
Age of authoritarianism, The (Newell) 4:237-240
Disturbing awakening, A (Zarbin) 4:213-215
Ends and means (Bayes) 11:647-661
COLESON, Edward P.
Free enterprise, peace and plenty. 6:342-349
COLLEGES/universities
Dissent (Rukeyser) 11:676-683
Disturbing awakening, A (Zarbin) 4:213-215
New patriots, The (Wells) 6:323-329
"Power" problem on campus, The: an economist's view (Kirzner) 8:476-482
Role of students in the governance of law *schools*, The (Neal) 4:216-220
Statist bureaucracy in the modern economy (North) 1:16-28
CONGLOMERATE mergers
Bigness in business (Wasserman) 4:224-232
CONSERVATION
"For the best interests of man" (McLeod) 11:674-675
Tragedy of the Commons, The (Batten) 10:608-609
CONSERVATIONIST looks at freedom, A (Read) 11:667-673
CONSERVATIVE, the role of (Sparks) 9:535-540
CURTISS, W. M. *See* Book reviews (Saxon)

D

DEMERS, Robert W.
To a friend. 9:541-542
DEMOCRACY and freedom (Zarbin) 10:633-634
DENATURIZATION of human nature, The (Anderson) 9:543-551
DENTON, Herbert J., Jr.
Laws of freedom, The. 3:187-188
DISSENT (Rukeyser) 11:676-683
DISTURBING awakening, A (Zarbin) 4:213-215
DON'T be a lonesome libertarian (Bearce) 3:184-186
DON'T throw out the baby! (Read) 5:287-292
DOZER, Donald M.
Drugs and the law. 3:131-135
DRAFT in principle and practice, The (Poirot) 3:165-167
DRUGS and the law (Dozer) 3:131-135
DRUGS/narcotics
About marijuana (Winkler) 6:376-380

E

E'S have it, The (Paton) 2:108-121
ECONOMIC production/development
Don't throw out the baby! (Read) 5:287-292
Elite under capitalism, The (Mises) 6:367-375
Foreign investment vs. foreign aid (Hazlitt) 10:579-593
Free enterprise, peace and plenty (Coleson) 6:342-349
Getting to know beans (Read) 3:146-151
National goals (Hagedorn) 4:201-203
Private property, public purpose (Hazlitt) 12:727-740
Problem, The (Russell) 5:267-272
ECONOMICS (Hazlitt) 3:152-155
EDELEN, William
Brighten the corner, 2:88-95
Measure of a man, The. 5:311-316
EDUCATION: *See* Colleges/universities; Methodology, libertarian; Self-improvement; Thinking/thought/learning
ELITE under capitalism, The (Mises) 6:367-375
EMBLEM of freedom (Cahill) 2:67-69
ENDS and means (Bayes) 11:647-661
ENTREPRENEURS and consumer sovereignty
Elite under capitalism, The (Mises) 6:367-375
Forecasting (Sennholz) 1:11-15
"Power" problem on campus, The: an economist's view (Kirzner) 8:476-482
Private property, public purpose (Hazlitt) 12:727-740
Profits and profit-makers (Fertig) 10:610-619
Statist bureaucracy in the modern economy (North) 1:16-28
ENVIRONMENT/ecology
Conservationist looks at freedom, A (Read) 11:667-673
Our improving environment (Miller) 9:515-529
Tragedy of the Commons, The (Batten) 10:608-609
EXPONENTIAL curve, the theology of (North) 5:293-310

F

FERTIG, Lawrence
Profits and profit-makers: what does the public think about them? 10:610-619

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FIFTY years of engineering (Moreell) 11:695-701
FLY the frenzied skies (Poole) 5:273-286
"FOR the best interests of man" (McLeod) 11:674-675
FOR moral growth (Machan) 10:620-622
FORECASTING (Sennholz) 1:11-15
FOREIGN aid
Foreign investment vs. foreign aid (Hazlitt) 10:579-593
Free enterprise, peace and plenty (Coleson) 6:342-349
Problem, The (Russell) 5:267-272
FOREIGN investment vs. foreign aid (Hazlitt) 10:579-593
FREE enterprise, free market
E's have it, The (Paton) 2:108-121
Intervention leads to total control (Velasco) 1:44-58
Invisible hand, The (Nichols) 2:85-87
FREE enterprise, peace and plenty (Coleson) 6:342-349
FREEDOM/liberty
Capitalistic commandment, A (Young) 4:195-200
Conservationist looks at freedom, A (Read) 11:667-673
Emblem of freedom (Cahill) 2:67-69
Role of a conservative, The (Sparks) 9:535-540
FREEDOM and democracy (Zarbin) 10:633-634
FREEDOM for farmers (Shuman) 3:138-145
FREEDOM for intellectual progress (Pick) 3:136-137
FREEDOM in the global village (King) 6:337-341
FREEDOM of the seas
Wealth of the oceans, The (Poole) 8:466-475

G

GAYNOR, William Jay, libertarian mayor of New York (Thornton) 3:156-164
GERMANY, hyperinflation in (Sennholz) 10:598-607
GETTING to know beans (Read) 3:146-151
GOOSE or citizen? (Scott) 12:725-726
GOVERNMENT intervention/control
Bigness in business (Wasserman) 4:224-232
Fly the frenzied skies (Poole) 5:273-286
How wages are determined (Greaves) 7:421-438
Intervention leads to total control (Velasco) 1:44-58
See also Carson, "Throttling the railroads" (serialized)
GOVERNMENT, role of
Fifty years of engineering (Moreell) 11:695-701
Law for governments, A (Carson) 1:31-39
Laws and their uses, The (Poirot) 8:451-454
Should teen-agers vote? (Bastiat) 6:330-336
GOVERNMENT spending
Inflation: a tiger by the tail (Hazlitt) 2:70-79
Inflation: what it means (Boyd) 2:80-84
Welfarism and its consequences (Hazlitt) 4:204-212
GREAVES, Percy L., Jr.
How wages are determined: the effect of interventions. 7:421-438
GREEKS, it began with the (Roche) 3:168-183
GUILT complex, reflections on (Read) 1:28-30

H

HAGEDORN, George
National goals. 4:201-203
Uses of Ignorance. 12:740-742
HARMONY or antagonism? (Bacon) 11:643-646
HAZLITT, Henry
Art of thinking, The. 8:486-508
Economics. 3:152-155
Foreign investment vs. foreign aid. 10:579-593
Inflation: a tiger by the tail. 2:70-79
Private property, public purpose. 12:727-740
Welfarism and its consequences. 4:204-212
See also Book reviews (Myrdal)
HEADLEE, Judy Anne
Patriotism: to be or not to be. 7:414-420
HOW wages are determined: the effect of interventions (Greaves) 7:421-438
HUNGARY
Emblem of freedom (Cahill) 2:67-69
HYPERINFLATION in Germany (Sennholz) 10:598-607

I

I, the radical (Zarbin) 8:483-485
IDEAS/ideologies
Age of authoritarianism (Newell) 4:237-240
New patriots, The (Wells) 6:323-329
Profits and profit-makers (Fertig) 10:610-619
Reflections on the guilt complex (Read) 1:28-30
Theology of the exponential curve, The (North) 5:293-310

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS/ideologies (*Continued*)
Throttling the railroads (Carson) 7:401-413
Uses of ignorance (Hagedorn) 12:740-742
What you don't know might help you! (Opitz) 12:707-724
IDEAS/invention/technology
Capitalistic commandment, A (Young) 4:195-200
Fifty years of engineering (Moreell) 11:695-701
Role of a conservative, The (Sparks) 9:535-540
INCENTIVE/self-reliance
Dissent (Rukeyser) 11:676-683
Goose or citizen? (Scott) 12:725-726
Lincoln didn't say it (Russell) 2:96-97
INDEPENDENT Postal System of America—Tom Murray, founder
Private mail could be a public boon (Barger) 1:3-10
INDIVIDUAL choice/responsibility
Brighten the corner (Edelen) 2:88-95
Christian charity vs. government welfare (Johnson) 4:242-244
Denaturization of human nature, The (Anderson) 9:543-551
Drugs and the law (Dozer) 3:131-135
Ends and means (Bayes) 11:647-661
For moral growth (Machan) 10:620-622
Harmony or antagonism? (Bacon) 11:643-646
I, the radical (Zarbin) 8:483-485
Statist bureaucracy in the modern economy (North) 1:16-28
Youthful purpose, A (Muller) 10:594-597
INDIVIDUAL/*individuality/inequality*
Dissent (Rukeyser) 11:676-683
Elite under capitalism, The (Mises) 6:367-375
Measure of a man, The (Edelen) 5:311-316
INFLATION (Clark) 4:233-236
INFLATION: a tiger by the tail (Hazlitt) 2:70-79
INFLATION: what it means (Boyd) 2:80-84
INHERENT weakness of price collusion, The (Armentano) 1:40-43
INTERVENTION leads to total control (Velasco) 1:44-58
INVISIBLE hand, The (Nichols) 2:85-87
IT began with the Greeks (Roche) 3:168-183

J

JOHNSON, Thomas L.
Christian charity vs. government welfare. 4:242-244

K

KANT — ideas of
Ends and means (Bayes) 11:647-661
KEYNES — ideas of
How wages are determined (Greaves) 7:421-438
Private property, public purpose (Hazlitt) 12:727-740
Welfarism and its consequences (Hazlitt) 4:204-212
KING, David C.
Freedom in the global village. 6:337-341
KIRZNER, *Israel M.*
"Power" problem on campus, The: an economist's view. 8:476-482

L

LABOR — wages/employment/unions
Getting to know beans (Read) 3:146-151
How wages are determined (Greaves) 7:421-438
Profits and profit-makers (Fertig) 10:610-619
Throttling the railroads (Carson) 12:743-754
LAW for governments, A (Carson) 1:31-39
LAWS and their uses, The (Poirot) 8:451-454
LAWS of freedom, The (Denton) 3:187-188
LINCOLN didn't say it (Russell) 2:96-97
LINFORD, Lloyd J.
Song for all seasons, A. 7:387-391
LIVING symbol, A (Zarbin) 2:122-124

M

MACHAN, Tibor R.
For moral growth. 10:620-622
MARX, Karl — ideas of
Bigness in business (Wasserman) 4:224-232
Dissent (Rukeyser) 11:676-683
How wages are determined (Greaves) 7:421-438
McLEOD, A. Neil
"For the best interests of man." 11:674-675
MEASURE of a man, The (Edelen) 5:311-316
METHODOLOGY, libertarian
Brighten the corner (Edelen) 2:88-95
Don't be a lonesome libertarian (Bearce) 3:184-186
Ends and means (Bayes) 11:647-661
No time for pessimism (Bearce) 9:567-570
Resist not evil (Read) 9:530-534
Sinking in a sea of buts (Read) 4:221-223
To a friend (Demers) 9:541-542

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

MILLER, Alexis T.
Our improving environment. 9:515-529
MISES, Ludwig von
Elite under capitalism, The. 6:367-375
MISES, Ludwig von, dean of rational economics (Sennholz) 7:439-444
MONEY/inflation/credit expansion
Forecasting (Sennholz) 1:11-15
Hyperinflation in Germany (Sennholz) 10:598-607
Inflation (Clark) 4:233-236
Inflation: a tiger by the tail (Hazlitt) 2:70-79
Inflation: what it means (Boyd) 2:80-84
Rising taxes weaken the dollar (Sennholz) 11:662-666
Welfarism and its consequences (Hazlitt) 4:204-212
MONOPOLY, A — and how to break it (Poirot) 6:350-353
MORALITY and ethical principles
Brighten the corner (Edelen) 2:88-95
Drugs and the law (Dozer) 3:131-135
Ends and means (Bayes) 11:647-661
E's have it, The (Paton) 2:108-121
Fifty years of engineering (Moreell) 11:695-701
For moral growth (Machan) 10:620-622
It began with the Greeks (Roche) 3:168-183
Patriotism: to be or not to be (Headlee) 7:414-420
What you don't know might help you! (Opitz) 12:707-724
MOREELL, Ben
Fifty years of engineering. 11:695-701
MULLER, James W.
Youthful purpose, A. 10:594-597
MUTH, Dayis. *See Book reviews* (McHarg)

N

NATIONAL goals (Hagedorn) 4:201-203
NATURAL rights/law/order
Ends and means (Bayes) 11:647-661
Harmony or antagonism? (Bacon) 11:643-646
Law for governments, A (Carson) 1:31-39
Laws of freedom (Denton) 3:187-188
What is property? (Bayes) 7:392-400
What you don't know might help you! (Opitz) 12:707-724
NEAL, Phil C.
Role of students in the governance of law schools, The. 4:216-220
NEW patriots, The (Wells) 6:323-329
NEW YORK, William Jay Gaynor, libertarian mayor (Thornton) 3:156-164
NEWELL, Robert K.
Age of authoritarianism, The. 4:237-240
NICHOLS, Rosalie
Invisible hand, The. 2:85-87
NO time for pessimism (Bearce) 9:567-570
NORTH, Gary
Statist bureaucracy in the modern economy. 1:16-28
Theology of the exponential curve, The. 5:293-310

O

OCEANS, the wealth of (Poole) 8:466-475
OPITZ, Edmund A.
What you don't know might help you! 12:707-724
OUR improving environment (Miller) 9:515-529

P

PATON, W. A.
E's have it, The. 2:108-121
PATRIOTISM
Song for all seasons, A (Linford) 7:387-391
PATRIOTISM: to be or not to be (Headlee) 7:414-420
PEACE, planning for (Sennholz) 2:106-107
PICK, Sue
Freedom for intellectual progress. 3:136-137
PLANNING for peace (Sennholz) 2:106-107
POIROT, Paul L.
Bet your life? 4:241
Draft in principle and practice, The. 3:165-167
Laws and their uses, The. 8:451-454
Monopoly, A — and how to break it. 6:350-353
POLITICS, political action
Should teen-agers vote? (Bastiat) 6:330-336
William Jay Gaynor: libertarian mayor of New York (Thornton) 3:156-164
POOLE, Robert, Jr.
Fly the frenzied skies. 5:273-286
Wealth of the oceans, The. 8:466-475
POPULATION
Free enterprise, peace and plenty (Coleson) 6:342-349
Our improving environment (Miller) 9:515-529
Theology of the exponential curve (North) 5:293-310
What is overpopulation? (Rushdoony) 2:98-105
POST office and mail delivery
Monopoly, A — and how to break it (Poirot) 6:350-353
Private mail could be a public boon (Barger) 1:3-10
POWER, economic vs. governmental
Elite under capitalism, The (Mises) 6:367-375

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"POWER" problem on campus, The: an economist's view (Kirzner) 8:476-482
PRICES/pricing
How wages are determined (Greaves) 7:421-438
Inflation: a tiger by the tail (Hazlitt) 2:70-79
Inherent weakness of price collusion, The (Armentano) 1:40-43
Intervention leads to total control (Velasco) 1:44-58
Throttling the railroads (Carson) 8:455-465
PRIVATE mail could be a public boon (Barger) 1:3-10
PRIVATE property, public purpose (Hazlitt) 12:727-740
PROBLEM, The (Russell) 5:267-272
PROFITS and profit-makers (Fertig) 10:610-619
PROPERTY, private
Capitalistic commandment, A (Young) 4:195-200
Elite under capitalism, The (Mises) 6:367-375
Lincoln didn't say it (Russell) 2:96-97
Private property, public purpose (Hazlitt) 12:727-740
What is property? (Bayes) 7:392-400
PROPERTY, public ownership/control
Conservationist looks at freedom, A (Read) 11:667-673
Fly the frenzied skies (Poole) 5:273-286
Throttling the railroads (Carson) 10:623-633
Tragedy of the Commons, The (Batten) 10:608-609
Wealth of the oceans, The (Poole) 8:466-475

R

RADICAL — defined
I, the radical (Zarbin) 8:483-485
RAILROADS, throttling of. *See* Carson
READ, Leonard E.
Conservationist looks at freedom, A. 11:667-673
Getting to know beans. 3:146-151
Don't throw out the baby! 5:287-292
Reflections on the guilt complex. 1:28-30
Resist not evil. 9:530-534
Sinking in a sea of buts. 4:221-223
REFLECTIONS on the guilt complex (Read) 1:28-30
RESIST not evil (Read) 9:530-534
RISING taxes weaken the dollar (Sennholz) 11:662-666
ROCHE, George Charles III
It began with the Greeks. 3:168-183
ROGERS, Tommy W. *See* Book reviews (Mises)
ROLE of a conservative, The (Sparks) 9:535-540
ROLE of students in the governance of law schools, The (Neal) 4:216-220
RUKEYSER, Merryle Stanley
Dissent. 11:676-683
RUSHDOONY, Rousas J.
What is overpopulation? 2:98-105
RUSSELL, Dean
Lincoln didn't say it. 2:96-97
Problem, The. 5:267-272

S

SAVINGS & investment
How wages are determined (Greaves) 7:421-438
Private property, public purpose (Hazlitt) 12:727-740
SCOTT, Graham
Goose or citizen? 12:725-726
SELF-improvement
Art of thinking, The (Hazlitt) 8:486-508
Brighten the corner (Edelen) 2:88-95
Living symbol, A (Zarbin) 2:122-124
Measure of a man, The (Edelen) 5:311-316
To a friend (Demers) 9:541-542
SENNHOLZ, Hans F.
Forecasting. 1:11-15
Hyperinflation in Germany. 10:598-607
Ludwig von Mises: dean of rational economics. 7:439-444
Planning for peace. 2:106-107
Rising taxes weaken the dollar. 11:662-666
SHOULD teen-agers vote? (Bastiat) 6:330-336
SHUMAN, Charles B.
Freedom for farmers. 3:138-145
SINKING in a sea of buts (Read) 4:221-223
SMITH, Adam — ideas of
How wages are determined (Greaves) 7:421-438
Invisible hand, The (Nichols) 2:85-87
Private property, public purpose (Hazlitt) 12:727-740
SMITH, Harry Lee
Asia, the impotent specter. 9:552-555
SOCIAL Security
Bet your life? (Poirot) 4:241
SOCIALISM
Goose or citizen? (Scott) 12:725-726
Intervention leads to total control (Velasco) 1:44-58
What is overpopulation? (Rushdoony) 2:98-105
SONG for all seasons, A (Linford) 7:387-391

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SPARKS, Bertel M.
Role of a conservative, The. 9:535-540
SPECIAL privilege
Should teen-agers vote? (Bastiat) 6:330-336
Throttling the railroads (Carson) 6:354-366; 11:684-694
STATIST bureaucracy in the modern economy (North) 1:16-28
STATISTICS, predictions
Forecasting (Sennholz) 1:11-15
Theology of the exponential curve, The (North) 5:293-310
Uses of Ignorance (Hagedorn) 12:740-742

T

TAXES/taxation
Profits and profit-makers — what does the public think about them? (Fertig) 10:610-619
Rising taxes weaken the dollar (Sennholz) 11:662-666
THEOLOGY of the exponential curve, The (North) 5:293-310
THINKING/thought/learning
Art of thinking, The (Hazlitt) 8:486-508
No time for pessimism (Bearce) 9:567-570
What you don't know might help you! (Opitz) 12:707-724
THORNTON, Robert M.
William Jay Gaynor: libertarian mayor of New York. 3:156-164
See also Book reviews (Banfield; Klein; Nock)
THROTTLING the railroads. *See* Carson
TO a friend (Demers) 9:541-542
TRADE/investment, international
Foreign investment vs. foreign aid (Hazlitt) 10:579-593
Free enterprise, peace and plenty (Coleson) 6:342-349
Freedom in the global village (King) 6:337-341
TRAGEDY of the Commons, The (Batten) 10:608-609
TRANSPORTATION. *See* Aviation; Railroads

U

U. S. CONSTITUTION
Law for governments, A (Carson) 1:31-39
U. S. HISTORY
New patriots, The (Wells) 6:323-329
Song for all seasons, A (Linford) 7:387-391
Throttling the railroads. *See* Carson
What is overpopulation? (Rushdoony) 2:98-105
USES of ignorance (Hagedorn) 12:740-742

V

VELASCO, Gustavo R.
Intervention leads to total control. 1:44-58
VIETNAM
Asia, the impotent specter (Smith) 9:552-555
VOTE, should teen-agers? (Bastiat) 6:330-336

W

WAR vs. peace
Age of authoritarianism (Newell) 4:237-240
Asia, the impotent specter (Smith) 9:552-555
Draft in principle and practice, The (Poirot) 3:165-167
Planning for peace (Sennholz) 2:106-107
WASSERMAN, Sheldon
Bigness in business. 4:224-232
WEALTH of the oceans, The (Poole) 8:466-475
WELFARE state philosophy
Christian charity vs. government welfare (Johnson) 4:242-244
Laws and their uses, The (Poirot) 8:451-454
Reflections on the guilt complex (Read) 1:28-30
Youthful purpose, A (Muller) 10:594-597
WELFARISM and its consequences (Hazlitt) 4:204-212
WELLS, E. F.
New patriots, The. 6:323-329
WHAT is overpopulation? (Rushdoony) 2:98-105
WHAT is property? (Bayes) 7:392-400
WHAT you don't know might help you! (Opitz) 12:707-724
WINKLER, Franz E.
About marijuana. 6:376-380

Y

YOUNG, F. Clifton
Capitalistic commandment, A. 4:195-200
YOUTHFUL purpose, A (Muller) 10:594-597

Z

ZARBIN, Earl
Disturbing awakening, A. 4:213-215
Freedom and democracy. 10:633-634
I, the radical. 8:483-485
Living symbol, A. 2:122-124

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

BOOK REVIEWS
(Reviewer's name in parentheses)

BANFIELD, Edward C. *The unheavenly city* (Thornton) 9:574-576

BOEHME, Lillian R. *Carte blanche for chaos — a critical look at the Kerner report* (Chamberlain) 10:635-638

BURLEIGH, Anne Husted. *John Adams* (Chamberlain) 4:245-248

CARSON, Clarence B. *The flight from reality* (Chamberlain) 1:59-63

FEUER, Lewis. *Marx and the intellectuals: a set of post-ideological essays* (Chamberlain) 7:445-448

GOLDWATER, Barry. *Conscience of the Majority* (Chamberlain) 12:755-758

HAZLITT, Henry. *Man vs. the welfare state* (Bien) 4:248-251

KLEIN, Herbert T. *The police: damned if they do, damned if they don't* (Thornton) 4:255-256

McHARG, Ian L. *Design with nature* (Muth) 4:251-255

LAX, Al. *Consumers' capitalism and the immutable laws of economics* (Chamberlain) 8:509-512

MacCALLUM, Spencer T. *The art of community* (Chamberlain) 11:702-704

MEYER, Frank S. *The conservative mainstream* (Chamberlain) 2:125-128

MISES, Ludwig von. *Bureaucracy* (Sennholz) 7:442

——. *The historical setting of the Austrian school of economics* (Rogers) 1:63-64; (Sennholz) 7:444

——. *Human action: a treatise on economics* (Sennholz) 7:443-444

——. *Omnipotent government, the rise of the total state and total war* (Sennholz) 7:440-442

——. *Socialism, an economic and sociological analysis* (Sennholz) 7:439-440

——. *Theory and history: an interpretation of social and economic evolution* (Sennholz) 7:443

MYRDAL, Gunnar. *The challenge of world poverty: a world anti-poverty program in outline* (Hazlitt) 12:758-760

NOCK, Albert Jay. *The theory of education in the United States* (Thornton) 10:638-639

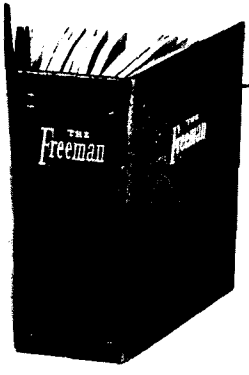
OPITZ, Edmund A. *Religion and capitalism: allies, not enemies* (Chamberlain) 5:317-320

ROCHE, George Charles III. *Legacy of freedom* (Chamberlain) 3:189-192

RÖPKE, Wilhelm. *Against the tide* (Chamberlain) 9:571-574

RUKEYSER, Merryle Stanley. *Collective bargaining: the power to destroy* (Chamberlain) 6:381-384

SAXON, Michael R. *The British national health service: bad medicine, bad politics, bad economics* (Curtiss) 10:640



HANDSOME BLUE LEATHERLEX

FREEMAN BINDERS

$2.50 each

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Freeman 1970

12 Issues in One Bound Volume

Attractively sewn in a single volume with hard cover, the twelve issues from January through December — 768 pages, fully indexed for handy reference to the latest literature on freedom.

Only $5.00

Also available, the bound volumes for 1965 through 1969, each year $5.00. ($4.00 each on orders for five or more.) These bound volumes of *The Freeman* match in appearance and otherwise continue the twelve volumes of *Essays on Liberty* containing selections from Foundation releases prior to 1965.

ORDER FROM: THE FOUNDATION FOR ECONOMIC EDUCATION
IRVINGTON-ON-HUDSON, NEW YORK 10533

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Ideas on Liberty

THE FREEMAN may be forwarded anywhere in the U. S. A. No wrapper required.

Place 8-cent postage here

FROM

TO: _____

_____

STREET _____

CITY _____

STATE _____ ZIP CODE

DECEMBER 1970

What You Don't Know Might Help You!	Edmund A. Opitz	707
Goose or Citizen?	Graham Scott	725
Private Property, Public Purpose	Henry Hazlitt	727
Uses of Ignorance	George Hagedorn	740
Throttling the Railroads:		
8. The Grip of the Unions	Clarence B. Carson	743
Books:		
The Conscience of a Majority	John Chamberlain	755
Other Books		758
Index for 1970		761

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED